

Qadhafi Is Going to Athens Friday As Greece Strengthens Arab Ties

By Paul Anastasi
New York Times Service

ATHENS — Col. Muammar Qadhafi, the Libyan leader, is making an official visit to Greece Friday in an attempt to establish a bridge with Western Europe and to blunt U.S. efforts to isolate him internationally, government officials say.

Col. Qadhafi visited Austria recently, but this will be his first official visit to a country that is a member of North Atlantic Treaty Organization and the European Economic Community.

For the governing Socialists, the reserved acceptance of Col. Qadhafi's overtures is said by officials to represent an attempt to win economic advantages and

prove their claim of following a policy independent of the West.

An official of Premier Andreas Papandreou's government emphasized that the Libyan leader had asked to be invited to Greece.

The official, who asked that his name not be used, said Athens had planned to delay the visit as long as possible but that acceptance became much easier after Col. Qadhafi's official visit to Austria last month.

Western diplomatic sources said Nato and the Common Market did not favor the visit "because it helps give Qadhafi respectability."

A government official said the Qadhafi visit should be seen as part of Greece's effort to expand its already close relations with the Arab world, a policy initiated by

the former conservative government.

"But whereas the last government wanted only economic relations with the Arab countries, we want closer political ties," the government official said. "We see ourselves as the bridge between the Arabs and Europe."

Despite the Qadhafi visit and a lavish welcome recently given Yasser Arafat, the leader of the Palestine Liberation Organization, and the granting of full diplomatic status to the PLO, the government asserts it is being careful not to unnecessarily upset its Nato and Common Market partners.

"Greece's policies are not really that different from other Western countries," the official said, recalling the Common Market's support for the establishment of a Palestinian state. "Greece is just playing an avant garde role with the Arabs, which should not be misinterpreted. We have made it clear from the start that the security and existence of Israel has never been put into question by Greece."

Problems Persist

The drive to establish closer economic relations between Greece and Libya began with a economic cooperation agreement in 1976. But practical difficulties have persisted, and Athens will no doubt seek to resolve them during Col. Qadhafi's visit.

The heat was so intense I saw bronze statuettes literally melting," said Paolo Pinigiani, who had escaped through a side door.

While waiting for rescue squads to arrive, Todi residents extended ladders and wooden beams from windows of buildings across the narrow alleyways, and some persons crawled across to safety. Others held out blankets to catch people who jumped out of windows.

"The ladder cracked and I thought I would fall and die crawling across," said Elizabeth Crisafilo, an artist who lives in the area.

Some people who managed to flee from the building through its narrow doorways emerged with their clothes tattered and bodies bruised in the rush to get out. The police said six persons were injured in the crush.

Police helicopters sent from Rome lowered ropes to the building's roof and upper windows to rescue survivors, including some children, trapped on the top floor.

Luigi Tempesta, an antiques merchant, drove his canvas-topped truck to the side of the building and about 40 people jumped onto the canvas.

Despite the difficulties, diplomatic sources say Greece still attaches considerable importance to its economic ties with the volatile Arab nation. Trade between the two countries last year approached \$300 million, and Libya is the second largest Arab importer of Greek goods after Saudi Arabia.

cally injured in the panic to get out of the mansion, which once was owned by a local noble family.

The fire's intensity was increased by the large quantity of flammable material, such as old furniture and tapestries, which was in the building because of the antiques show.

The explosion, believed to have been caused by a leaky gas tank, rocked the Palazzo del Vignola in the heart of this central Umbrian city 62 miles (99 kilometers) northeast of Rome.

Most of the victims were trapped on the building's top floor. The fire burned for 40 minutes before the first firefighters arrived in Todi, which has no fire department of its own.

Survivors Critically Injured

Several hundred people looking for survivors on the show's last day were in the four-story building at the time of the explosion. The police said some survivors were critically

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United Press International
President Hosni Mubarak, second from right, took part Sunday in a Cairo ceremony marking the return of the Sinai. To his left is the defense minister, Field Marshal Abdel-Halim Abu Ghazala; to his immediate right is Premier Fouad Mohieddin, then Speaker of Parliament Sofi Abu Taleb.

Reactions Reflect Arab Divisions Over Welcoming Egypt Into Fold

By Edward Cody
Washington Post Service

BEIRUT — The Arab world, reflecting in its government-controlled newspapers and radios, split into opposing camps Sunday in its first reactions to Israel's final withdrawal from the Sinai.

The comments provided a foretaste of a widely predicted debate in coming months over the question of whether Egypt should be welcomed back into the Arab fold, now that it has recovered all its territory in return for signing a peace treaty with the Jewish state that has been the Arab's main enemy for 34 years.

They divided roughly between the radical Arab states and groups — such as Syria, Southern Yemen, Algeria, Libya and the Palestine Liberation Organization — and the rest of the Arab world, which is more closely aligned with Saudi Arabia and conservative states along the Gulf.

Syria, the radicals' major power, has denounced the Camp David agreement that provided for the Israeli turnover of the Sinai in editorials and broadcasts over the past several days. Al-Ba'th newspaper of the ruling Al-Ba'th Party, renewed the criticism Sunday, vowing to pursue opposition to Egypt and its separate peacemaking.

"Just forget what you've seen us do here," the Begin caricature shouts down from the turret. "You are going to have plenty to see in Lebanon, Palestine and the Golan."

The humor betrayed widespread concern in Beirut that the Israeli

leadership may be planning to move from the first phase of Camp David toward intensified attacks on Palestinian guerrillas in Lebanon, increasingly harsher rule in the West Bank and Gaza, and further sealing of the occupied territories to prevent their return to Arab rule.

Concerning Egypt, PLO officials say they are aiming at organizing a summit to pressure all Arab states into adopting a common stand against readmitting Cairo into the Arab fold as long as it remains in its Camp David commitments.

This would exclude it from any Arab military equation. Although conservative Arabs may move back toward Egypt one by one, the PLO officials add, in the atmosphere of an Arab summit such defections would become more difficult.

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"Although there are some Arab

countries that already are preparing to welcome Egypt back after today's withdrawal, the Egypt of Mubarak is weighed down with the shackles of Camp David and bound by the United States' occupation forces," the newspaper said.

"But the Arabs who succeeded in frustrating the principal targets of Camp David — that is, Syria, the Palestinian revolution and the masses in the occupied territories — these Arabs remain ready to oppose the attempt to generalize Camp David in the upcoming era."

On the side of the moderates, signs of willingness to accept Egypt anew have emerged with particular clarity from Saudi Arabia in recent days. News agencies reported, for example, that Egyptian newspapers went on sale in Saudi cities Saturday for the first time since the Egyptian-Israeli peace treaty was signed in March 1979. The papers sold out swiftly.

"The return of Egypt to the Arab should not be the subject of any haggling," said the officially guided Saudi newspaper al-Riyad. "Egypt constitutes the heart of the Arab world, and therefore should be recognized as an indispensable necessity under all circumstances."

WORLD NEWS BRIEFS

Mitterrand Defiant on Latin America

The Associated Press

COPENHAGEN — President François Mitterrand of France has said that "it is just too bad" if the Reagan administration does not like his policies in Central America, a Danish newspaper reported Sunday.

"I prefer to be straightforward and say no to the Russians if I feel like it — and to the Americans, too, of course, if it is necessary," Mitterrand told Danish reporters for the Berlingske Tidende newspaper in Paris. He is to arrive in Copenhagen Wednesday for a three-day state visit.

The Reagan administration objects to France's friendly ties with Nicaragua, which it has accused of funneling Cuban arms to leftist guerrillas in El Salvador. France opposes U.S. military aid to the Salvadoran government, and has called for a negotiated settlement with the country's leftists. In his interview with Berlingske Tidende, Mr. Mitterrand repeated his contention that the U.S. stance is pushing the leftists toward the Soviet Union and Cuba.

Schmidt, Genscher Discuss Cabinet

The Associated Press

BONN — Chancellor Helmut Schmidt met Sunday with Foreign Minister Hans-Dietrich Genscher to discuss planned Cabinet changes in their coalition government, officials said.

Mr. Genscher, head of the Free Democrats, junior partners in the Bonn coalition, has already made clear that there would be no Cabinet changes for his party, which holds four key ministries — Foreign, Interior, Economics and Agriculture — in the 16-member Cabinet. Mr. Schmidt plans three Cabinet changes for his Social Democratic Party, party sources said.

Informal sources, who did not want to be identified, said Postal Minister Kurt Gscheidle, Mr. Gscheidle said last week that he had asked Mr. Schmidt to be relieved of his financial post because of ill health. Health and Family Minister Antje Huber resigned just before Easter after Mr. Schmidt failed to express confidence in her following widespread speculation that she would be removed in a Cabinet reshuffle.

China Criticizes France-Vietnam Ties

Reuters

PEKING — China on Sunday criticized economic assistance sent to Vietnam by France, saying the French government's sympathy for the Third World did not justify helping a country militarily allied to the Soviet Union.

The criticism appeared in a commentary by the Chinese news agency two weeks after France agreed to reschedule Vietnamese debts, officially estimated at \$300 million. Other aid agreements also were arranged.

The commentary said the Socialist government paid more attention than other Western countries to the appeals of Third World countries, and then it added: "But Vietnam is not an ordinary Third World country. It is militarily allied with the Soviet Union. It is committing flagrant aggression against Kampuchea [Cambodia] and thereby arousing strong condemnation from Third World countries and the majority of other states."

Police Enforce Lebanon Cease-Fire

The Associated Press

BEIRUT — Lebanese police enforced a cease-fire between rival leftist militias in Tripoli after two days of street battles that left 15 killed and 20 injured, a police spokesman said.

The clashes, between the Syrian-aligned Communist Party and the pro-Iraqi Ba'th Party, followed the assassination Thursday of the Ba'thist military commander in Tripoli. Among the victims was a family of 11, who died in a fire touched off in their home by a rocket.

In Beirut, a bomb caused heavy damage Saturday to the office of the French news agency Agence France-Presse, an agency reporter said. There were no injuries.

Manila Says Rebels Kill Village Aides

United Press International

MANILA — Communist guerrillas have killed 147 village officials during the last two weeks, hoping to disrupt local elections May 17, press reports said Sunday.

In a move to prevent further violence, Lt. Gen. Fidel V. Ramos, chief of the paramilitary Philippine constabulary, said he had ordered constables and militiamen to clamp down on the activities of the Communist New People's Army in rebel areas.

Gen. Ramos told a local newspaper that the 147 officials of village citizens assemblies, called "barangays," had been killed for refusing to cooperate with the Communists. The nation's 42,000 barangays, which administer villages and districts in the countryside, provided the main vehicle for President Ferdinand Marcos's eight-year emergency rule by approving constitutional changes.

Israel Finishes Withdrawal From Sinai Without Trouble

(Continued from Page 1)

He continued: "Never before has a people been prepared to face the trials of, and exhaust every last possibility for, peace as our people has. The trials of Yarmit will also serve as testimony that we have done the unimaginable to honor the peace agreement."

"Our hearts, madame, go out to this day to you and the children and grandchildren," the Begins wrote. "Anwar Sadat, of blessed memory, should have been with us to see the glory of his efforts to make peace and achieve reconciliation between the good peoples of Egypt and Israel. To prove that his memory did not die, but will live forever in the hearts of women and men of good will, we all have to work for the sacred cause. No more war, no more bloodshed, peace, salam, shalom, between our nations. We embrace you, our dear friend."

The withdrawal, which ended nearly 15 years of Israeli control over the peninsula, touched deep Israeli doubts about Egypt's commitment to peace. The pain was compounded during the last week by the angry resistance of about 12,000 militant Jews, who barricaded themselves into apartments and onto roofs in the northern Sinai town of Yarmit, threatening suicide and violence against Israeli troops who tried to evict them.

In the end, the troops handled the demonstrators gently, and there was no bloodshed, for which Mr. Begin praised Mr. Sharon on Sunday. But as the army then surrounded Yarmit, destroyed by bulldozers, the country felt the wound of seeing the first voluntary abandonment of a Jewish settlement in the history of Zionism. In their anguish, many Israelis have vowed that such withdrawal of settlements will never happen again, which means they would eliminate the possibility of a future pullout from the West Bank.

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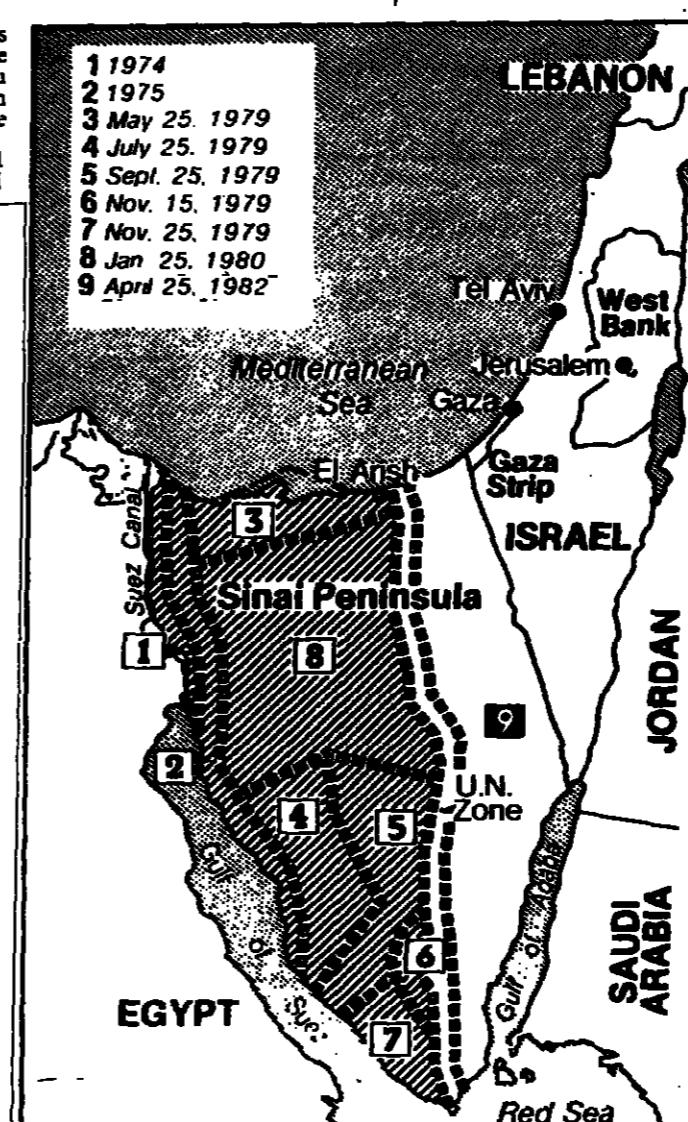
"Salam, in Yarmit," said Mr. Sharon in an order of the day to Israeli forces, "we have reached the limits of our concessions. We shall turn to strengthening our security, to our development in every sphere. We shall turn to increasing and consolidating our settlements on the Golan Heights in Judea, Samaria and the Gaza district — settlements that are an integral part of our security, settlements that are a basic foundation for political plans — all in the framework of the government's avowed policy. The government uses the biblical terms Judea and Samaria for the West Bank.

Mr. Sharon spoke of the sacrifice that Israel had made. "We are not retreating from Sinai," he said. "We are demonstrating our desire to move forward toward peace."

The Hizbullah party was said to have run into tough talk in London by Prime Minister Margaret Thatcher and Defense Minister John Nott. Mr. Nott was quoted as having said at a meeting with Mr. Haig that the Thatcher government was always mindful in this crisis of Prime Minister Neville Chamberlain, who appeased Hitler in 1938.

Mr. Haig was said to have responded to several of Mrs. Thatcher's and Mr. Nott's policies by saying that he was trying to help with their national interests and domestic political problems but that if they felt he was getting nowhere, he would leave. As the story is told, they restrained themselves thereafter.

Administration officials said that Britain and Argentina appeared to want Mr. Haig to continue his mission but that neither was prepared to alter fundamental negotiating demands.



The Associated Press
The stages of withdrawal by Israel from the Sinai since 1974.

Portugal Quietly Marks Coup of 8 Years Ago

New York Times Service

LISBON — Portugal on Sunday marked the eighth anniversary of the military coup that led to sweeping liberal changes. But with the exception of a march and rally sponsored by the Communists, the anniversary was marked by little fanfare.

Some observers had hoped that the anniversary would be celebrated by dismantling the Council of the Revolution, the military watch-dog group that has power over the civilian government.

Under a revised constitution, the council is to be eliminated. But unresolved differences over the powers of the president, distributions of some of the council's functions and other matters have delayed the process. The military's agreement to abolish the council and relinquish some authority is not in question, however.

The revised constitution is expected to be approved by a two-thirds majority of the National Assembly this year, ushering in increased civilian control. Polls show that President António Ramalho Eanes, a general

from a humble background, is more popular than any of the civilian politicians.

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with dollars, not local currency, when you get your next home or office phone bill. Save these other ways. Telephone Calling Card and collect calls may be placed in many countries. And where they are, the hotel surcharges on such calls are usually low. Or, you can avoid surcharges altogether by calling from the post office or from other telephone centers.

The Sinai Withdrawal

Sand for Peace? A Job to Finish

True to its word and to its interests, Israel has paid Egypt the final installment of Sinai sand. With this second evacuation in 25 years, it has bought a promising state of peace with its most formidable neighbor. But it does not buy peace of mind.

What might have been a joyous opening of Israel's first recognized boundary became instead writhing withdrawal and Massada pageant of protest, with Jews hauling Jews from the rooftops and bulldozers burying dreams in the desert. What might have been only a first act of regional reconciliation became instead another occasion for showering terror upon Lebanon. Violence smothered the hopes of decades, while making a historic accommodation look like the final gasp of an exhausted diplomacy.

Arabs and Israelis alike remain bitterly torn about their conditions for peace on the other fronts, all of which are inflamed by the presence of still-disoriented Palestinians. So Sunday's is a separate peace in all but name — the kind that Anwar Sadat warned, in Jerusalem, would never last.

Sadat is gone and his successor seems even more determined to end Egypt's isolation from other Arabs. President Mubarak did not let the Palestinians veto the deal with Israel, but neither will he let Israel dictate his diplomacy concerning the Palestinians. This peace will grow, or it will shrivel.

If they lose this peace, Israel and Egypt would shed another generation's blood for no conceivable gain; even cold war could destroy their economies. Yet they have been unable to secure the peace by enlarging it.

The ambiguities by which they distinguished their conflict about the future of the West Bank and Gaza are now exposed. Unmistakably, Israel moves to annex the territory while Egypt edges toward alliance with those who want it for an independent Palestinian state. Only America can still hope to define a middle course and reconcile obligations to Israel and interests in the Arab world.

There is not now much to build on. Prime Minister Begin regards the Sinai withdrawal as the final cession of territory. All his life, possession of the West Bank has been only incidental to security; he sees it as a birthright and has implanted like-minded settlers throughout the territory. In a year or two, they will have made it indivisible.

By refusing to negotiate with Israel, the Palestinians and other Arabs, too, leave little room for constructive mediation. They have only exacerbated Israel's mistrust and thus destroyed the psychological value of Egypt's breakthrough. If left now with the stark choice of annexing the West Bank or yielding it to hostile Palestinian state, even Begin's sizable Israeli opposition would annex.

But that opposition still breathes, and it pants for American support. It is led by realists who think that incorporating a million Arabs into the Jewish state poses a greater threat to security than guiding them toward their own destiny. There may be risks in offering the Palestinians real autonomy and a separate political future, but many Israelis prefer them to perpetual domination or war.

What this opposition urgently needs is America's help in clearing a path to the Palestinians. And that requires a dogged reaffirmation of the Camp David promise of "full autonomy" — until elected Palestinian leaders can join with Israel, Egypt and Jordan to determine the region's future.

Of the Camp David signatories, only the United States can now give "autonomy" in the West Bank a constructive definition, one that separates Israel's security requirements from Palestinian political and territorial rights. Begin and the PLO notwithstanding, these need not be incompatible.

After four wars in the close quarters of the Middle East, Israelis tend to associate security with the size of their territory. War followed their first surer of the Sinai's "strategic depth" — but the costliest war of all occurred while they held it. The depth of this new peace does not depend on the size of the terrain again surrendered. It depends on a breadth of vision in many places, on the churning under of fears instead of dreams.

THE NEW YORK TIMES.

Other Opinion

War Over the Falklands?

If the British blockade is maintained, if bloodshed is kept to a minimum, if international sanctions against Argentina are applied and maintained by other countries, above all by the United States, if the Argentine economy deteriorates rapidly — then the whole picture may look very different in two or three months' time.

— From The Sunday Times (London).

The Falklands gap, separating Britain and Argentina, has narrowed. It is still wide. But

April 26: From Our Pages of 75 and 50 Years Ago

1907: Blackout Scares New Yorkers

NEW YORK — Members of the Lamplighters' Union took the Weisbach Illuminating Company and the city authorities by surprise when they struck, leaving the city's residence sections in darkness save for such aid as was given by non-union men and boys. An emergency police order was issued and policemen were ordered to light up as much as they could, but they had no ladders, and many were too fat to climb the iron posts. Householders whose wives and daughters had planned to pass the evening out became alarmed and kept the telephone wires to the police stations hot. The side streets, depending entirely on gas lamps for illumination, remained for hours tempting fields for burglars.

1932: Hitler Celebrates in Munich

BERLIN — "We are now indisputably the strongest party in Germany," declared Adolf Hitler in a speech to his followers in Munich. Thanking his partisans all over Germany on the day after the victory that made the National-Socialists, with 162 seats out of 422, by far the strongest element in the new Prussian Diet, the Nazi leader said: "Bravery and a spirit of sacrifice are manifested in this great victory. All our enemies' attempts at suppression are unable to hinder our swift rule." In the new Prussian Diet, neither the old Weimar coalitions — Socialists, Centrists and Democrats — nor the Nationalist opposition — Hitlerites and Nationalists — will be able alone to form a government.



'Give It Up to Argentina? Why, Son, One Day All This Will Be Yours!'

YOUNG BASHI WAS AFRAID OF THAT

By Leopold Unger

A Soviet Opportunity In the South Atlantic

By Leopold Unger

BRUSSELS — Moving with a speed that might dazzle the British, Soviet forces landed in Argentina: The Soviet national soccer team played its planned matches against Argentina's national team.

Given the importance of soccer in Argentina and the political utilization of sport in the Soviet Union, the decision to play scheduled matches despite an international crisis is an indication of Moscow's support for Argentina in the conflict over the Falklands.

It is not a question of fair play. When diplomatic expediency requires, Moscow knows how to ignore schedules, as it did when it boycotted the 1976 Chess Olympiad in Israel on the pretext of instability in the Middle East.

When the Falklands crisis came before the United Nations Security Council, Moscow felt it could not support the use of force to seize contested territory. That would have meant encouraging a precedent that could be exploited, if only through propaganda, by China, Japan and Romania over parts of Siberia, the Kurile Islands and Bessarabia. Not to mention the Baltic countries and a good third of prewar Poland that are now under Soviet control.

It was better for Argentina that Moscow showed a low profile at the United Nations, lest Soviet support set off a counter-reaction among the major Latin American countries and deprive Argentina of support from its continent.

But that was long ago. Now the Soviet position on the Falklands is *de facto* ambiguous. The Soviet press regularly assails "U.S. duplicity" and condemns in advance any British attempt to "restore a colonial status" to the islands.

Soviet observation planes based in Cuba, spy ships from various ports — notably Luanda in Angola — and satellites are supplying Argentina with data on the movements of the British fleet.

After their initial discretion, the Soviets realized that several aspects of the crisis placed Moscow firmly on the Argentine side.

This is, in fact, an excellent opportunity for the Soviet Union. The Falklands affair, like the Cyprus dispute before it, opposes two allies of the United States and forces Washington to be cautious.

Argentina is a serious partner for the Soviet Union, both economically and politically. Moscow has already bought 12 million of the 18 million tons of grain that Argentina will export this year.

This is important for Argentina, which sells more goods to the Soviet Union than to any other country, and it is vital for Russia, whose grain harvest this year was the worst of the last decade.

Sales of U.S. grain are always subject to political uncertainty — for example, in the event of direct Soviet intervention in Poland. President Carter imposed a grain embargo on the Soviet Union after it intervened in Afghanistan. That embargo was skirted largely thanks to grain from Argentina.

In addition, Argentina has been a Soviet ally in international debates — particularly at the United Nations — on human rights.

Another reason for the Soviets to support the Argentine position is the EEC trade sanctions. (This calls them "economic blackmail.") If the sanctions worked against Buenos Aires, Moscow would see a dangerous precedent that could be applied to the Soviet Union.

West European countries declared sanctions unworkable when they rejected U.S. pressure to cut trade with the Soviet Union after the military coup in Poland. Yet now the West European states have acted together in imposing sanctions against Argentina.

Finally, as a world power the Soviet Union cannot remain aloof from any conflict that could affect the international balance of power. The Kremlin has long been attracted by Antarctica, where it has established outposts for "scientific" studies. The area between Antarctica and Argentina, like the Cape of Good Hope off southern Africa, is a strategic maritime channel.

The 1962 Cuban crisis showed the Kremlin that it did not have the means to play an important and permanent role in the Western Hemisphere. But that very failure was a turning point. In the 20 years since then the Soviet Union has acquired the needed ships and bases and taken advantage of each crisis to increase its influence in the area.

For Moscow, the Falklands affair is another opportunity to be seized.

— 1982, International Herald Tribune

-Letters

Moon Case

Regarding "Moon Tax Case Shows U.S. Debate on Political Activities of Churches" (IHT, April 13):

How is it possible that reputable church organizations can file "friends of the court" briefs on behalf of Moon's Unification Church? Such groups as Moon's only become so powerful and spread their venom because they are tax-exempt and able to spend without accountability on advertising and indoctrination.

It is time that church leaders united behind the governments of the free world and paid a small portion of taxes. Only when there is some public knowledge of the money donated and the property wealth of churches will the poor finally benefit from the "good works" of churches.

Taipei SUSAN BYASSON.

Austria Again

In response to Maria Maerz (Letters, April 22): I emphatically deny the "lack of information or fairness" attributed to me by Ms. Maerz in my reporting on the banking situation in Austria.

"Focus on Austria," March 23, The article leads with relevant remarks by Chancellor Bruno Kreisky but is otherwise based exclusively on recent interviews with or statements by, all the leading bankers quoted. (I wonder whether Ms. Maerz was present at the annual meeting of the Association of Austrian Bankers on Feb. 24?)

The correspondent, curiously fails to see a 10-square-inch graphic display beside the banking article showing precisely the unemployment rate misses. These statistics are repeated in expanded form on the last page of the supplement.

The OECD's 1981 Economic Survey on Austria appeared only after the supplement. However, the 1980 survey is cited in a large display showing Austria in a distinctly favorable light.

Vienna DAVID HERMGES.

SAS Faulted

Elizabeth Thomas (Letters, April 12) says that SAS "may soon resemble Aeroflot." From my own experience I can assert that the attitude of SAS personnel is already Aeroflot-like — condescending and "could not care less" towards the customer.

Tokyo H.Z. BORNSTEIN.

Mark Twain

Thank God for Mark Twain, and also for Russell Baker's intelligent and sensitive commentary (IHT, April 16) on teachers, kids and classics.

Geneva BERT CANTOR.

Beyond Ex-Yamit: Partial Peace Is Joyless

By Flora Lewis

TEL AVIV — The eve of Israel's second full withdrawal from Sinai, this time in peace with Egypt, was a moment of questions without answers. The simple, almost apologetic ceremonies scheduled for Sunday were a symbol of the uncertainty.

For the Israelis, forcible evacuation and destruction of the Yamit settlement in northern Sinai was a trauma. Not ashes, but desert sand to send sand is the ugly lesson. A great many, in the opposition as well as in Prime Minister Menachem Begin's government, have bitterly sworn: Never again.

That bodes ill for the West Bank and Gaza. There are a few optimists around the Middle East, but not many. Everyone tends to agree that attitudes in the area continue to change with time. The issue is which way they are going and who will move first.

Optimists, both in Egypt and Israel, say Arab leaders and eventually Palestinians will wake up soon and realize that only Egypt, by acceptance of peace and negotiations, has found the successful formula. The dreams of Yamit will fade and Egypt's real commitment will ease Israeli fears, while failure of Begin's version of limited autonomy for people but not for land on the West Bank will revive Jerusalem's interest in compromise.

This analysis also relies on changing Arab alignments and possible Iraqi rapprochement with Egypt to counter Syrian ambitions eastward. Syria alone could not block an effort to enlarge the settlement involving Jordan.

But most authorities feel time is going in the other direction. Israeli attitudes have definitely hardened. The government is gambling that resentful Arabs in what Israelis call "the territories" (the Arabs say, "the occupied territories") will realize the failure of the PLO to help them. The plan is eventually to offer local self-government with a choice of citizenship in Israel or Jordan. One day, Transjordan would be seen as the Palestinian state, at the expense of Hashemite rule. The fact that this would assure much greater, more dangerous hostility on Israel's longest border is accepted by such people as Defense Minister Ariel Sharon as preferable to Arab sovereignty on the West Bank.

This is not fixed policy at this stage. It depends on a lot of dangerous imponderables. The most immediate is the future of southern Lebanon and the tough decision facing the PLO. Israeli analysts do not see how it can go on indefinitely accepting the cease-fire yet refusing negotiations and still remain a chance of coming to power.

Nonetheless, there is no escaping the fact that dominant Israeli policy threatens the Jewish nature of the state even as Israel's historical and religious claims. There is no answer to how Israel can maintain its social, political, religious and ethnic character and absorb 1.3 million Arabs who are multiplying a good deal faster than the Jews.

That problem, even more than the need to compromise for peace, moves Israeli moderates. They say there is a swelling revolution in the country against the indefinite burden of occupation and the prospect of a binational state. Ironically, that is the PLO demand which its own strategy cannot achieve and it would mean another Lebanon.

Partial peace is joyless.

— 1982, The New York Times

Defense in Europe: Reassessing the Tank

By Tom Wicker

NEW YORK — Is the tank, introduced in World War II, obsolete already? And if so, might that help in the prevention of nuclear war?

The answer is yes to both questions, in the view of an impressive group of prominent scientists, U.S. military officers and former senior government officials.

Unfortunately, their recent statement attracted little notice, owing primarily to the great attention accorded at the same time to a proposal by four former national security officials that the United States move toward a policy of "no first use" of nuclear weapons.

The group under the auspices of the Union of Concerned Scientists went further. It recommended:

• A "no-first-use" policy and the withdrawal from Europe of American and Soviet tactical nuclear weapons.

• Immediate Soviet-American negotiations for large reductions in nuclear arsenals.

• A U.S. announcement of willingness to enter into an immediate bilateral freeze on the buildup of strategic nuclear weapons, as well as renewed negotiations for a comprehensive test ban treaty.

The concerned scientists' group concluded, first, that the United States and the Soviet Union share

"rough equality" in nuclear weaponry — 9,500 strategic nuclear weapons on the American side, 7,000 on the Soviet — with neither having the capacity to disarrange the other in a successful first strike.

The group also found that NATO has "the manpower, economic wealth and technological prowess to mount an adequate conventional defense against a nonnuclear" Soviet attack.

NATO has a counteradvantage in anti-tank weapons.

In a letter to me, Dr. Hans Bethe — the Nobel Prize-winning physicist and a member of the scientists' group — wrote that because of "the rapid evolution of anti-tank weapons, thanks largely to the very significant technological lead enjoyed by the West ... many highly qualified persons believe that before long tanks will be as obsolete as the cavalry."

One such person is Richard Garwin, a physicist and defense specialist who also was a member of the scientists' group. He agrees that tanks are becoming obsolete because of technology and the inherent advantages of the defense over the offense in war. Hence, assuming that the Warsaw Pact would be the aggressor in any conventional war, the West would retain its advantage even if the Russians developed equivalent anti-tank technology.

Specifically, Garwin said in a

telephone interview, the United States now has or can quickly develop hand-held, air-delivered, missile-delivered and artillery weapons, utilizing such devices as laser beams and infrared homing, that could make tanks all but useless in attack.

Aircraft or artillery, for example, can deliver fields of "strike mines" across the path of a tank assault wherever it develops, making that path all but impassable.

Another anti-tank device requires an observer to focus a laser beam on an oncoming tank; either an air- or missile-delivered bomb or artillery shell then "homes" on the laser and destroys the tank.

This method was used in Vietnam as early as 1969 in bombing bridges. Alternatively, infrared-guided weapons can pick up the heat of a tank engine and follow it to the target.

NATO anti-tank aircraft, of course, could be vulnerable in battle; for that reason, Garwin advocates a buildup of conventionally armed Cruise missiles to deliver from whatever distance required

— 1982, The New York Times

INTERNATIONAL Herald Tribune

Published with The New York Times and The Washington Post

John Hay Whitney (1904-1982)

Chairman

Katherine Graham Arthur Ochs Sulzberger Co-Chairmen

Peking, Barren of Greenery and Choking on Pollution, Tries to Undo Damage

By Michael Wiskopf
Washington Post Service

PEKING — The birds disappeared 25 years ago, then the grass and shrubs for reasons that could only have made sense in China at the time.

The birds were systematically exterminated for eating farmers' seeds. Sparrows and song birds by the millions dropped dead of exhaustion as Peking residents beat pots, banged gongs and exploded firecrackers to keep them from resting on tree limbs.

Peking's greenery was uprooted in a later mass effort that was designed to rid the city of insects by destroying breeding grounds. The pests had become a health menace because there were no birds to eat them.

Now, the first thing one notices about spring in Peking is how much it looks like winter, bald and birdless. A park in April is lasting testimony to the chain of manmade and natural disasters that have turned China's capital into an ecological basket case.

The city that survived centuries of war,

foreign occupation and political changes is choking on foul air and dust storms, drying up from a severe drought and gagging on contaminated water and human filth.

For Peking's nine million residents, the ecological decay turns up the misery index a few notches. Bicycle riders cover their faces with surgical masks and nylon scarves to keep from breathing coal dust. No one drinks the water before boiling it. Youngsters have few green spots for play.

A U.S. Environmental Protection Agency scientist visited Peking two years ago and conducted a spot air-quality test and found pollution six times greater than the agency considered safe.

According to Chinese reports, the 1.6 million tons of raw sewage and industrial waste dumped daily into city streams pollutes underground water supplies with harmful amounts of mercury, cyanide, cobalt and benzene.

Proligate use of water and the worst drought in 100 years have dried up a third of the city's wells, lowered the water table by

three yards (2.73 meters) last year and caused an increase in the nitric acid content of drinking water.

Communist officials whose crash industrialization and social neglect upset Peking's balance of nature over the last three decades have recently begun to realize the negative effects and have become devoted ecologists.

The city has banned the construction of new heavy industry, ordered polluters to clean up their emissions and forced some factories to ration water. Peking citizens, who once were mobilized to kill birds and pull out every blade of grass, are now exhorted to plant trees and shrubs.

Despite the best official efforts, Chinese and foreign experts believe that reversing Peking's environmental degradation will be as difficult as bringing back the song birds.

Over the last 200 years, Peking has evolved from a gentle town of royal families and mandarin scholars into a gritty industrial giant, which produces 80 percent of everything it consumes.

Like many Western cities, Peking grew without an eye to aesthetics or human need. Population has increased sixfold since 1949 and whole neighborhoods popped up without planning for sewerage, roads or water.

Dwindling Water Resources

The pressures of population in a city that offers each person 15 square feet (1.35 square meters) of living space intensify the environmental problems. Many Peking residents have added small wooden or brick structures to their houses, extending them into the narrow alleys that serve as streets. The unauthorized building has caused a major sanitation problem by blocking the passage of trucks that pick up garbage and excrement.

Government regulators already have taken emergency measures to conserve dwindling water resources. In addition to rationing for several dozen industries, the city has installed water meters in some offices, schools and army barracks to cut down usage.

With the underground water supply di-

minishing, the dangerous impact of pollutants has grown substantially. The official Health News magazine, which issued a long list of drinking water contaminants, reported that the mercury content of fish in some areas exceeds government limits by 40 percent.

While cooking sterilizes water and food, it is more difficult to filter the air one breathes in Peking. Most air pollution comes from the coal-burning stoves used for heating and cooking. According to the *Peking Evening News*, the ovens pump enough soot into the air each year to fill more than 6,000 railroad cars.

Dust Storms Blow

Tons of coal dust spewed out daily create what is known among foreign residents as "Peking lung" — chronic bronchitis. The EPA scientist who measured air quality said the soot is made of very small particles with pervasive effects on lungs.

On most days, smog makes it impossible to see the western hills that flank the city.

The coal residue mixed with what Chinese specialists say are high levels of sulfur dioxide, carbon monoxide and nitrogen oxide almost always make breathing difficult.

The difficulty increases every spring when vicious dust storms blow in sand from the Mongolian desert. The dust moves unobstructed through treeless sections of Peking, finding its way into window cracks, nostrils and lungs. Goggles are sometimes needed to see a few feet ahead.

As Chinese scientists and municipal officials have gained exposure to pollution problems and remedies in other parts of the world, they have moved with urgency to tackle Peking's problems.

Last February, the academy of sciences started the "urban ecosystem research project," which was called a "major scientific item" with the goal of making Peking more livable. The project, which will recommend measures for cleaning up the city, was described as "urgent and of great importance." Even the city's greatest boosters would agree that, as urban models go, Peking needs work.

U.S. Aides Stress Triad In Asia Against Russia

By Robert Thrumell
New York Times Service

HONOLULU — Senior U.S. diplomatic and military officials in the East Asian and Pacific region have emphasized the common interest of China, Japan and the United States in countering what the officials said was a growing Soviet threat in the area.

Adm. Robert L. Long, the Hawaii-based commander of U.S. forces in the Pacific and Indian Oceans and Gulf areas, said, "We have long passed the point where we can defend against the Soviet Union alone."

In an analysis of U.S. security concerns in the region, he gave priority to what he termed "the growth of Soviet military power" and "a comprehensive Soviet strategy for military power projection."

The diplomats and Adm. Long took part last week in a closed-door policy conference at the admiral's headquarters at Camp Smith, near Honolulu. They spoke before an audience of civic and business leaders on "U.S. National Security Interests in Asia and the Pacific," sponsored by the Pacific and Asian Affairs Council, a private study group.

Arthur W. Hummel Jr., the U.S. ambassador to China, said for the first time linking Washington, Peking and Tokyo: "There is no doubt that the maintenance of this friendly, informal triad is the foundation of long-term stability in East Asia." In addition, this three-way friendship and cooperation has wide-ranging strategic impact throughout the globe."

Mr. Hummel said that while the current hostility between Peking and Moscow "probably will be dampened down," he could not fore-

see "a real Sino-Soviet rapprochement and partnership" such as existed before ideological differences separated them more than two decades ago.

He said, "U.S. military planners no longer consider China as a potential adversary. China implicitly supports U.S. military deployments and security arrangements throughout the area."

Taiwan Remains Problem

The only serious differences of view between Washington and Peking concern China's support of North Korea and U.S. arms sales to Taiwan, he said.

John H. Holdridge, assistant secretary of state for East Asian and Pacific Affairs, referred to the Taiwan disagreement as a "minefield" that "I'm not even sure we can find a way through."

"But we are working very hard to establish a balance to establish a bridge, to maintain an official relationship with China and an unofficial relationship with Taiwan," he said.

The U.S. ambassador to Tokyo, Mike Mansfield, and other speakers called for an improved Japanese military ability, but conceded that domestic political considerations limited Japan's role to defense of its own territory.

Another consideration mentioned was the lingering suspicion of a rearmed Japan among Asians who suffered at Japanese hands in World War II.

John Gunther Dean, U.S. ambassador to Thailand, said, "The prospects for future development of the Soviet Union's newly gained Vietnamese bases are alarming and raise new questions of our preparedness to cope militarily in the Western Pacific."

American to Chronicle Genocide by Pol Pot

By Samuel G. Freedman
New York Times Service

NEW HAVEN, Conn. — Gregory Stanton remembers when the compulsion began. He was conducting relief work in Cambodia in 1980 and met a teen-age boy. The boy told him how two others of his age, members of the Pol Pot forces, had forced him to watch as they killed his parents.

"And as he told me this," Mr. Stanton said, "he began to cry."

And now, in the recounting, so does Gregory Stanton. The mission he has chosen for himself — to chronicle the killing of millions of Cambodians by the government of Pol Pot — is historical and statistical, but it is also, he says, a synthesis of conscience and outrage.

He said, "Part of it is that after you've gotten to know people in Cambodia and heard their stories — and everyone has lost someone — you begin to realize how personally mass murder is. Impersonal to the murderer, but personal to the victim. You hear enough to point where the stories add up to a duty."

To Mr. Stanton, duty is the Cambodian Genocide Project. He made an initial trip to Cambodia for the project in March. Now he is attempting to raise \$300,000 for an 18-month project that would begin in October and include photographic surveys of mass graves,

Cities Bulldozed

The Pol Pot government drove millions of city dwellers to rural communes, jailed or executed many educated urbanites, left Phnom Penh, the capital, deserted, and bulldozed other cities, like Kompong Speu, out of existence.

That was the Cambodia Mr. Stanton found when he arrived in June 1980, to direct relief for Church World Services, an agency of the National Council of Churches.

Mr. Stanton said, "When I talked to the witnesses it was obvious there was murder on the basis of Stalin and Hitler."

Last summer Mr. Stanton enlisted the cooperation of David Hawk, former president in the United States of the human rights organization Amnesty International, and obtained permission to conduct the study from the Cambodian government of Heng Samrin, which now controls most of the country and is fighting the remaining Pol Pot forces.

In their initial investigation, Mr.

BRUSSELS — Eight persons were arrested Saturday, when fights between police and a small number of demonstrators ended a march by thousands of youths urging the government to create more jobs. A police spokesman estimated that 10,000 people marched through Brussels to protest the government's austerity program.

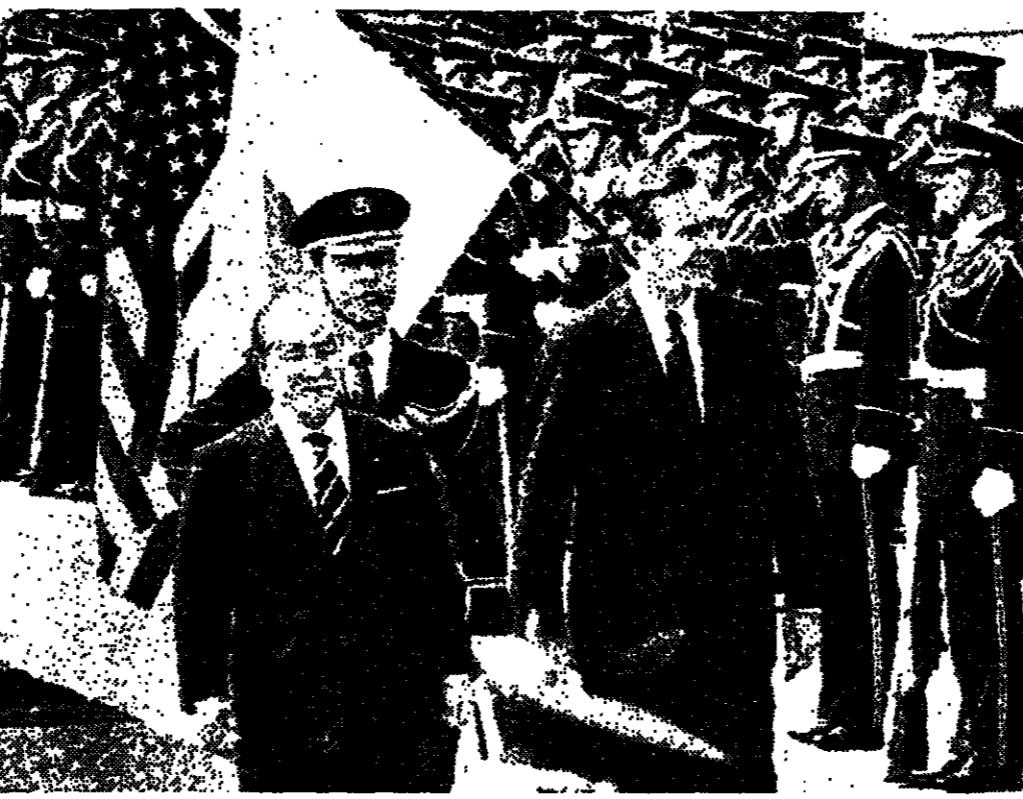
Organizers put the number at 25,000 to 30,000.

Capture of Infiltrators Reported by Zimbabwe

United Press International

HARARE, Zimbabwe — Two South African soldiers are being held after "infiltrating" the country recently, Zimbabwe's security minister has said. Other reports have said the men were wanted in South-West Africa on murder charges.

Mr. Stanton read the records of the Tuol Sleng prison, where thousands of Cambodians were clubbed to death. One document at the prison, Mr. Stanton said, explained this method by saying "Bullets couldn't be wasted."



Vice President Bush and Premier Zenko Suzuki of Japan review an honor guard in Tokyo.

Bush Arrives in Seoul After Saying He Would Be Willing to Visit China

From Agency Dispatches

SEOUL — Vice President Bush arrived Sunday from Tokyo, on the second stop of a tour of Asia and the Pacific that will also take him to Singapore, Australia and New Zealand.

His three-day visit to South Korea marked the centennial of U.S.-Korean relations. "The 1853 Treaty of Peace, Amity, Commerce and Navigation was only the first step of a long succession of treaties and international agreements which have bound the two nations and their peoples," Mr. Bush said after his arrival.

Mr. Bush is expected to meet President Chun Doo Hwan on Monday.

Asked at a news conference before he left Tokyo about speculation that he might visit China, Mr. Bush said such a trip would be helpful. China has denounced the Reagan administration's sale of military spare parts to Taiwan, and some analysts have expressed fears that China might downgrade its diplomatic ties with Washington.

"We view with great seriousness any downgrading of relations," Mr. Bush said. But he added that he did not expect China to take such a step.

"If we visit by the vice president of the United States would be productive and useful, we'd change plans, go the extra mile while we're out here in this part of the world," Mr. Bush said. But he cautioned that he could not confirm that he would go to China.

In Tokyo, Mr. Bush met Premier Zenko Suzuki for talks on Japan's defense spending, which Washington would like to see increased, and its \$16 billion trade surplus with the United States, which Washington wants reduced.

Mr. Bush said he was confident that continued consultations would head off "rising protectionist sentiment in the United States" that could result in trade barriers.

While in Tokyo, Mr. Bush also emphasized the importance of improving Chinese-U.S. relations.

In a speech at the foreign correspondents' club in Tokyo on the first stop of his three-day tour, Mr. Bush said the United States was "absolutely resolved to strengthen our relationship with the People's Republic." He said that the relationship "will prosper because it is fundamental" to the national interests of both countries and Asia as a whole.

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OBITUARIES

and diabetes for several years. In recent months he faced allegations that he had improperly diverted up to \$1 million in church funds to a woman friend.

Sometimes criticized by his priests but widely respected as a vigorous and able reformer, Cardinal Cody became one of America's most prominent churchmen in his 50-year career.

As archbishop of New Orleans from 1961 to 1965, he fought to integrate Catholic schools there. When one segregationist leader held out, Cardinal Cody excommunicated him. The cardinal escorted some black pupils to school when racial tensions were high.

This year he faced a criminal investigation by the U.S. attorney in Chicago in connection with allegations that he diverted church funds to a lifelong friend, Helen Dolan Wilson, 74. Mrs. Wilson was Cardinal Cody's step-cousin and they reportedly were raised as brother and sister.

While in St. Louis, he was graduated in 1928 from the North American College in Rome. In 1940 he became chancellor of the St. Louis archdiocese and auxiliary bishop of St. Louis in 1947. He became bishop of St. Joseph, Mo., in 1955 and bishop of the combined Diocese of Kansas City and St. Joseph in 1959, moving to New Orleans in 1961.

Born in St. Louis, he was graduated in 1928 from the North American College in Rome. In 1940 he became chancellor of the St. Louis archdiocese and auxiliary bishop of St. Louis in 1947. He became bishop of St. Joseph, Mo., in 1955 and bishop of the combined Diocese of Kansas City and St. Joseph in 1959, moving to New Orleans in 1961.

The Chicago Sun-Times reported last September that Cardinal Cody gave Mrs. Wilson \$30,000 for a Florida home and paid her an annual salary for six years, for which she apparently did nothing. Cardinal Cody dismissed the stories as immuno and ignored federal subpoenas for records of his and archdiocese funds.

The minister, Emerson Mungawanga, said Saturday that the two men had served with South African forces in South-West Africa (Namibia) before coming to Zimbabwe. He said an investigation was under way. Press reports in South-West Africa have said the two men were wanted in connection with a murder and robbery. They fled the territory while awaiting trial, the reports said.

Melville Bell Grosvenor

NEW YORK (NYT) — Dr. Melville Bell Grosvenor, 80, president of the National Geographic Society and editor of its magazine, *The National Geographic*, from 1957 to 1967, died of a heart attack Thursday at his winter home in Miami. He was editor in chief of the publication from 1967 to 1977. He lived in Bethesda, Md.

Mr. Grosvenor's family had

been associated with the National Geographic Society since its founding in 1888. His great-grandfather, Gardiner Greene Hubbard, was the society's founder and first president; his grandfather, Alexander Graham Bell, inventor of the telephone, was its second president, and his father, Gilbert Hovey Grosvenor, was editor of the magazine from 1899 to 1954. Mr. Grosvenor's son, Gilbert M. Grosvenor, is now president of the society.

Chung Yil Hyung

SEOUL (AP) — Chung Yil Hyung, South Korea's foreign minister in 1960 and 1961, died Friday of complications from hypertension, a

Dollar Notes Attracting Big Demand

By Carl Gewirtz

PARIS — To the surprise of most analysts, the Federal Reserve reported late Friday that the U.S. money supply dropped \$1.9 billion in the week to April 14 — a happy jolt to analysts who had been predicting an increase of some \$2 billion.

However, Wall Street greeted the news with considerable reserve. The Fed at the same time revised upward the previous week's increase to \$7.8 billion from the \$7.1 billion initially reported, leaving the two week increase at a very hefty \$6 billion.

More disturbing, New York analysts said, were signs indicating that the Fed may be tightening the monetary screws. Feeding this fear was a \$300-million increase in net borrowed reserves, a widely

EUROBONDS

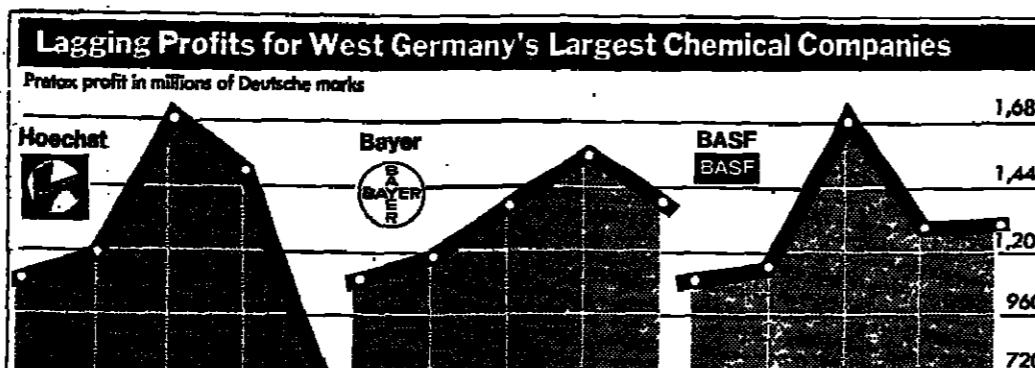
watched indicator of how easy or tight a policy the Fed is pursuing. The increase sparked fears that the cost of overnight money could rise this week.

Overnight money, the federal funds rate, traded as low as 14 percent on Friday, down from a high of 14% percent, but rose to 14% percent after the Fed reported the weekly figures. As a result, New York bond prices showed little change for the day.

By contrast, the foreign exchange market registered no such misgivings about the direction of interest rates. The dollar, which closed at 2,388 Deutsche marks in Frankfurt, eased to 2,378 DM in New York and to 2,377 DM in Bahrain on Saturday. High U.S. interest rates have buoyed the dollar on world exchange markets and a decline in those rates — or the anticipation of one — tends to weaken the dollar.

From all appearances, investors in dollar-denominated Eurobonds are not concerned about a weakening dollar or the weekly gyrations in the money supply. They see a weakening U.S. economy — with first-quarter gross national product down at 3.9 percent annual rate — and sharply decelerating inflation inevitably leading to lower interest rates. And lower rates will mean big capital gains on bonds bearing the high coupons currently on offer. Dismissed from view is the continuing battle over the size of the federal U.S. budget deficit and the warnings from Henry Kaufman, the Salomon Brothers economist, reiterated yet again Friday, that long-term dollar interest

(Continued on Page 9, Col. 1)



West German Chemical Giants Face Urgent Need to Reshape Industry

By John Tagliabue

New York Times Service

FRANKFURT — When West German business men talk about the country's chemical business these days, they often express fears that such industry giants as Hoechst, BASF and Bayer could well go the way of Europe's moribund steel companies.

Indeed, beset by high interest rates, a stagnant economy, towering overcapacity and increased competition, West Germany's chemical companies suffered their second consecutive year of sharply lower profits in 1981.

"The industry is still strong enough to get healthy on its own," Mathias Seefelder, chairman of BASF, West Germany's No. 2 chemical company, said recently with a note of restrained optimism. But he added, somewhat ominously, "I think the dilemma of Europe's steel industry should be a deterrent to us all."

Urgency in Restructuring

Steel and chemicals are both energy-intensive industries on a continent poor in both cheap energy and chemical raw materials. And like steel, the chemical industry is increasingly threatened by new producers of bulk products in low-wage, resource-rich countries.

As a result, the industry is now engaged in a restructuring that has gained urgency, analysts say. The three major West German chemical companies — Hoechst, BASF and Bayer — have also sought to move into more sophisticated chemical products: pharmaceuticals and farm products, such as fertilizer and pesticide, as well as chemistry-related products, such as photo equipment.

What now troubles the industry most is the prospect that over the next 10 years oil-producing countries, including some in Europe, will become net exporters of the basic petrochemical feedstocks that the industry refines into specialized products.

Analysis estimate that Saudi Arabia, for example, where seven major industrial projects are bubbling, might soon match 15 percent of Europe's capacity to crack ethylene, a basic product used to make such items as detergents and polyester fibers.

A Royal Dutch/Shell study says the Arab countries at a whole could shift from being net importers of about 300,000 tons of ethylene derivatives yearly to being net exporters of about a million tons.

"If they get those deliveries on a contractual basis, and not just on an in-and-out spot basis," said Tony Church, an analyst at Kidder Peabody in London, "they'll skin off the market's growth from 1980 to 1990."

Mr. Seefelder said BASF, Europe's biggest plastics manufacturer, reduced polyethylene production by 200,000 tons, roughly 20 percent of capacity, in 1981. In 1981's first nine months, BASF lost about 100 Deutsche marks on polyethylene.

Other European companies are following suit. Italy's state-owned Eni, France's Rhône-Poulenc and Britain's Imperial Chemical is thought likely to apply the ax.

In February, Herbert Grunewald, chairman of Bayer and president of West Germany's Chemical Industry Association, said inflation and strong exports combined to increase 1981 sales by about 9 percent. But mounting labor costs and raw material prices forced profit margins throughout the industry to 1.8 percent from 2.4 percent in 1980.

"Production increases were limited to a relatively few sectors like drugs, farm products and specialties," he said, adding: "Returns on sales sank again, and our margin for investment continued to narrow."

Hoechst, BASF and Bayer were at the top in the world chemical ranking until DuPont passed them earlier this year after acquiring Conoco. But in Europe, size does not always mean dominance. In an economy roughly comparable to that of the United States, Europe has 23 producers of polyethylene, while the United States has six.

The problem of overcapacity has become acute

(Continued on Page 9, Col. 1)



Bayer's double contact process cuts the emission of sulfur dioxide when making sulfuric acid

Focus of Bankers Turns From Latin America

By Carl Gewirtz

PARIS — Bankers have posted a "gone to lunch" sign on their Latin American lending desks, preferring to focus on new loans elsewhere in the world pending the outcome of the U.K.-Argentine confrontation over the Falkland Islands.

Austria is scheduled to award a mandate this week on a \$400-million loan. It paid a low 4% point over the London interbank rate on a \$400-million, 10-year loan last year. The new operation, however, may be structured like the recent loans for Denmark and France's CNT to include a floating rate as a means to increase the profit to lenders without raising the very visible margin on the syndicated loan.

France is back in the market with a \$100-million operation for Gaz de France. The feature of this loan is the number of options given to the borrower. It can draw the entire amount as dollar- or sterling-denominated bankers acceptances or up to half the amount in a syndicated loan, denominated in dollars or sterling or up to a quarter of the total as a syndicated loan in any other Eurocurrency.

First for European

This is the first facility to offer a combination of dollar and sterling acceptances, sole lead manager Bank of America reports, and is the first syndicated dollar acceptance facility for a European borrower. Acceptances are notes drawn on banks and discounted in the market.

Banks will earn a commission of 4% percent on the dollar acceptances and 5/16 percent on the sterling portion. Bankers also pocket whatever discount the notes are sold for, but overall this is regarded as one of the cheapest formulas for borrowers to raise cash.

The acceptance facilities have a maximum life of 2 1/2 years and GDF can renew the operation for a second 2 1/2 years or convert the amount to a syndicated loan. The loan, which starts as a maximum of \$50 million for the first 2 1/2 years will have a total maturity of five years with interest set at 4% point over Libor.

GDF will pay a commitment fee of 4% percent on whatever portion of the loan is unused.

Modo Tops Market

The private Swedish pulp and paper company Modo (Mo Och Domso) is tapping the market for \$100 million, of which up to \$25 million can be converted to a bankers acceptance facility for up to two years. If the facility is not renewed the amount can be added to the syndicated loan, which will run for 84 years. Interest on the loan will be set at 4% point over Libor.

for the first six years and 4% thereafter.

The Danish Natural Gas and Oil Consortium is raising \$100 million for 10 years, offering a low 4% point over Libor.

The Portuguese airline TAP will tap the market for \$135 million to

the remainder by the contractor, which simply raises the price it charges Nigeria by that amount.

Further east, the 15-bank consortium trying to put together a financing package of some \$2.5 billion to build the Parapid Arissa project in India lost one of its

over Libor for the final four years of the loan.

The current proposed terms, one insider reports, are less than what had been offered at the outset but remain in excess of what the Indians think they ought to pay. Also slowing the transaction have been changes in specifications and, six weeks ago, a site change moving the project some 40 miles inland from the previous planned coastal location.

Venezuelan Borrowing Delayed

CARACAS (Reuters) — Venezuela will probably delay its Eurobond plan until the outcome of the Falklands dispute becomes clearer, though short-term credits will continue, banking and government sources said last week.

The government had originally

expected to raise around \$300 million in April or May, but this was put off as spreads began to widen for oil exporting countries.

"We are now awaiting the consequences of the Falklands conflict before deciding when to raise new funds," said Cesar Aguado, director of public credit.

Turkey Making Comeback

The Bahrain Monetary Agency is asking banks for bids on a package to finance an ammonia and ethylene project for Gulf Petroleum Industries Corp., which is owned equally by Kuwait, Saudi Arabia and Bahrain. The total cost is expected to reach \$300 million, but how much of this is syndicated as a Euroloan — estimated from \$50 million to \$140 million — depends on how much export credit finance can be put together. Bids are due by May 9.

In Africa, Crédit Lyonnais is syndicating a \$240-million eight-year loan for Nigeria aimed at financing construction of a railroad. Interest is set at an apparently low 4% point over Libor. But that is what bankers euphemistically refer to as the "administrative margin" — aimed apparently at making the Nigerians feel good. The real cost is significantly higher, thanks to very heavy front-end fees totaling 3% percent. A small 0.5 percent of that is paid directly by Nigeria and

however, he added that it should become clear fairly soon to what extent Latin borrowers might be affected and if the dispute is resolved, Venezuela could go ahead fairly rapidly with its next Eurocredit.

Meanwhile, a number of state agencies have continued to roll over short-term obligations, as a result of delays in Venezuela's refinancing program, with a general trend towards higher spreads.

Historically, notes Mr. Galbraith, purchasers of bonds have accepted a real rate of return of 3 percent — that is, 3 percentage points over the prevailing rate of inflation.

By this estimate, he asserts, dollar bonds today should be yielding something around 6.6 percent — a 3-point real return over

the projected rate of inflation.

Mr. Galbraith cited the worsening shortage of goods at company stores as a prime reason for the bankruptcy filing. "We didn't have goods, and when we didn't have goods we didn't have sales, and when we didn't have sales we didn't have profits," he said.

The diversified manufacturer and retailer, which is heavily dependent on the depressed housing industry, cited as reasons for the

bankruptcy filing. "We didn't have goods, and when we didn't have goods we didn't have sales, and when we didn't have sales we didn't have profits," he said.

TAIPEI Sets Goal

TAIPEI (Reuters) — The Cabinet has approved a proposal by the Ministry of Finance to sharply raise the ceiling of external borrowing and guaranteed loans to \$9.5 billion from the current \$6.5 billion, a ministry official said last week.

Mr. Neto said that Brazil's 1982 current-account deficit target of \$10 billion is unchanged.

Jose Carlos Serrano, director for international affairs at the Brazilian central bank, said the 1982 trade surplus is also still on target at about \$3 billion.

Swiss Bank Corporation International

Amro International Limited

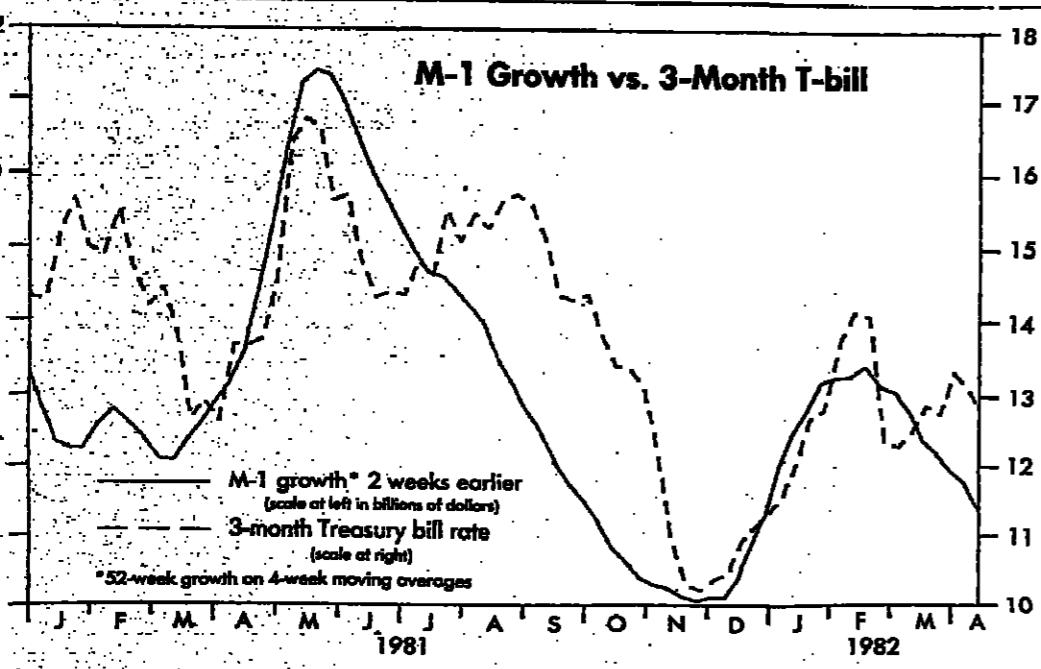
Banque Nationale de Paris

Credit Suisse First Boston Limited

Hambros Bank Limited

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Swiss Bank Corporation International</



Demand Outstrips Supply for Dollar Notes

(Continued from Page 7)

rates will rise to the record highs seen last year.

Investment bankers report very substantial demand from both institutional and retail investors for dollar Eurobonds.

"Coupons offered on non-dollar paper are not interesting in comparison, the names of issuers are good and investors are taking advantage of it. I haven't seen such broad-based demand in the last 2½ years," one Swiss-based banker reported. Another agreed, saying the "undertone is unbelievable."

The only lament is that the number of offerings is not keeping pace with demand — a signal that issuers also believe that rates are headed lower and can sell paper more cheaply by waiting rather than rushing to the market now.

As a result, both BC Hydro, the British Columbia hydro and power authority, and Union Carbide were able to increase the size of their offerings by \$50 million each.

BC Hydro sold \$200 million of seven-year bonds at 99% bearing a coupon of 14% percent while Union Carbide sold \$150 million of seven-year paper at par bearing a coupon of 14% percent. Both issues ended the week quoted at 99½ bid-100 asked.

The current calendar includes:

• Canadian Pacific, \$75 million

of 10-year bonds at par bearing a coupon of 14% percent — a notch lower than BC Hydro and Union Carbide, reflecting how well those issues were received. The CanPac paper is secured by collateral trust bonds which are secured by a lien on the company's property.

• GMAC Overseas Finance Corp., guaranteed by General Motors Acceptance Corp., \$100 million of seven-year bonds bearing a coupon of 15 and priced at 99% to yield investors 15.09 percent.

This is GMAC's fourth issue of the year and the eleventh since 1979 and the market is showing signs of being quite full of this paper. The market also looks unfavorably on the fact that the issue can be called after five years at no penalty premium to GMAC. The paper was quoted on a when-issued basis at 97½.

• Commercial Credit Finance, guaranteed by Commercial Credit Co., \$50 million of three-year notes at par bearing a coupon of 14% percent. Each \$1,000 note bears two detachable one-year warrants to buy 100 shares of 15 percent notes due 1987 at par. The warrants were quoted at \$22 and the notes ex-warrants were quoted at 95½.

• J.P. Morgan International Finance, a subsidiary of the bank holding company which owns Morgan Guaranty, is offering \$250 million of 15-year floating rate notes. Interest will be paid quarterly at a quarter-point over the average of bid and offer interbank rate. This is a touch higher than some other floaters, but the maturity is longer and the commissions, a slim 1½ percent, tight.

The maturity is very long as only a handful of 15-year floaters have been sold to date and the structure — subordinated debt — is unusual as most bank floaters are senior debt. Both features, however, result from the fact that the proceeds will qualify as primary capital for the parent company.

Morgan has undertaken to issue enough shares over the coming 15 years to retire this debt with new equity.

• European Asian Capital, guaranteed by European Asian Bank which is owned by the EBIC group, \$50 million of 10-year floating rate notes with interest set semi-annually at a quarter-point over the average of the bid and offered rates. A minimum coupon of 6 percent is guaranteed.

• Sabah Development Bank of Malaysia, owned by the state of Sabah, \$30 million of seven-year notes that are redeemable at noteholders' option after five years. Interest will be set at a quarter-point over the six-month interbank of fixed rate and is guaranteed to not fall below 6 percent.

Uncertainty Premium' Cited for High U.S. Rates

(Continued from Page 7)

again. That to me is volatility," he said.

"Each time our money supply surges for a while, interest rates go up. They don't go down," despite the Keynesian theory that they should. "We all want interest rates down, therefore we don't want money supply surging. And yet since last October we've had another surge in the money supply . . .

With greater stability in monetary growth, Mr. Sprinkel is convinced that interest rates would come down. "I agree that we're not going to get the real rate back to 3 percent very quickly, but there's a long distance between 12½ percent and 3 percent and my expectation is that it is going to come down significantly."

For Mr. Sprinkel, the decline in U.S. interest rates will also relieve the pressure building in Europe for more order to the international monetary system and less fluctuation tolerated in foreign exchange rates.

Intervention in the foreign exchange market "attacks the symptoms, not the cause" of the disruption, Mr. Sprinkel asserts. Rather, he adds, "coordinated economic policies and halting inflation will result in stable exchange rates."

Mr. Sprinkel acknowledges that there is a serious credibility gap regarding fiscal policy. But he notes that there is a "major effort" underway between the administration and Congress on ways to cut the deficits, which should help restore credibility on fiscal matters.

Mr. Galbraith goes further, arguing that "the deficit is absorbable without getting in the way of a drop in interest rates."

He asserts that there is \$830 billion in pension funds that professional money managers could be

shift into the nearly dead long-term bond market once they became convinced that inflation was really declining and that exceptionally high real rates of return are available.

In addition, he says, "there is some \$400 billion sitting in money-market funds" currently invested in short-term instruments and untold amounts sitting in trust funds and insurance companies.

"These managers are sitting there, seeing the size of this inflation premium, the real return on their money, and they're starting to see a continuation of inflation figures [declining] and these money managers, the guys locked into this inflationary psychology . . . are very close to the point [where] . . . they're going to start going into the market, buying bonds like there's no tomorrow."

"I can't tell you what thing is going to trigger it off, but we're close to it. I think we're taking in terms of one month, two months . . . It's just human nature of an investor, of money managers to de-

cide 'I better grab this now because there's some very big capital gains to be made. Bond prices are going to sail up and I better lock into those big coupons now.'"

Once the bond market comes to life, more can be done to bring down short-term rates, he argues.

"Wrong Before"

Asked why Henry Kaufman, the chief economist at Salomon Brothers and probably Wall Street's most closely followed analyst, was not espousing this view, Mr. Galbraith replied: "I don't know what his problem is. He has been wrong before."

Asked in a telephone interview about the ambassador's assessment, Mr. Kaufman challenged Mr. Galbraith's figures noting that corporate pension funds at least count totaled \$322 billion and state and other public pension funds totaled \$225 billion — a total of \$547 billion. He also noted that money market funds currently are valued at about \$200 billion.

He said that pension funds at last count hold some \$250 billion in shares, \$160 billion in corporate bonds and \$75 billion in U.S. government securities.

"I would hardly think that the pension funds have an excess abundance of cash ready to move into new issues of U.S. government securities. What we are talking about is a net new emission of government debt that will have to be financed by net new savings."

"The funds don't have excess funds lying somewhere about waiting to be funneled into the bond market," he notes, but will to have liquidate other holdings, which will have to be bought by someone else to make room for additional bonds. This amounts to a redefining of investments and not the needed new source of funds.

Likewise, if the assumption is made that the cash invested in money market funds will move into the bond market, the question has to be asked who will be around to buy the short-term instruments these funds will have to sell to get the cash to buy the bonds, he said.

Chemical Giants Face Watershed Decade

(Continued from Page 7)

since 1980, when Europe slipped into recession. The result has been a two-thirds use of capacity, compared with almost 90 percent a decade ago. There is little chance that excess capacity will be absorbed, if, as expected, overseas plants open.

Of the three major companies, only BASF has chosen what analysts call backward-integration, or involvement in the energy search, to offset future competition. Through its Wintershall subsidiary, BASF is bargaining for a share in the natural gas reserves off Qatar, which promise to be among the world's largest. Wintershall holds 18.5 percent of Demelex, a West German oil-exploration company.

The companies are also looking to more sophisticated chemical products that they hope will be more recession-resistant. Pharmaceuticals account for 15 percent of Bayer's world sales, up from 9 percent a decade ago.

One certain result, however, according to analysts, will be sharper competition on the markets for these products, which are already in less demand as such key customer industries as automobiles and the fiber-reinforced plastics expected to find more use in aircraft making.

The chief obstacles to such plants, industry analysts and officials agree, are potential nervousness among Common Market leaders that the reshuffling could cost jobs, and the limits set by the industry's liquidity hemorrhage, as the recession pares profits. Last month, the industry's major producers appealed to the European Parliament not to erect barriers to plant closures for fear of increased unemployment, arguing that by 1990 you'll have an industry that's slimmed down, more efficient."

Kidder Peabody's Mr. Church agreed: "These years will be the watershed. One of the things we'll be looking for in a company will be survivability, rather than rapid expansion. The '80s will be the decade of low growth, so that by 1990 you'll have an industry that's slimmed down, more efficient."

Eurobonds Yields*
Week Ended April 21
Int'l inst. lg. term US\$... 14.92 %
Ind. long term, US\$... 14.88 %
Ind. medium term, US\$... 15.88 %
Can\$ medium term... 1591 %
French fr. medium term... 17.33 %
Int'l inst. lg. term yen... 8.17 %
ECU medium term... 13.72 %
EUA long term... 12.20 %
Int'l inst. lg. term LF... 10.88 %
FL long term... 11.12 %
Source: Calculated by the London Stock Exchange

Marked Turnover
Week Ended April 23
(Millions of U.S. Dollars)
Total Dollar Equivalent
Cedel 5,855.5 4,897.3 958.2
Eurocl. 9,901.2 9,081.6 819.6

All of these Securities have been sold. This announcement appears as a matter of record only.

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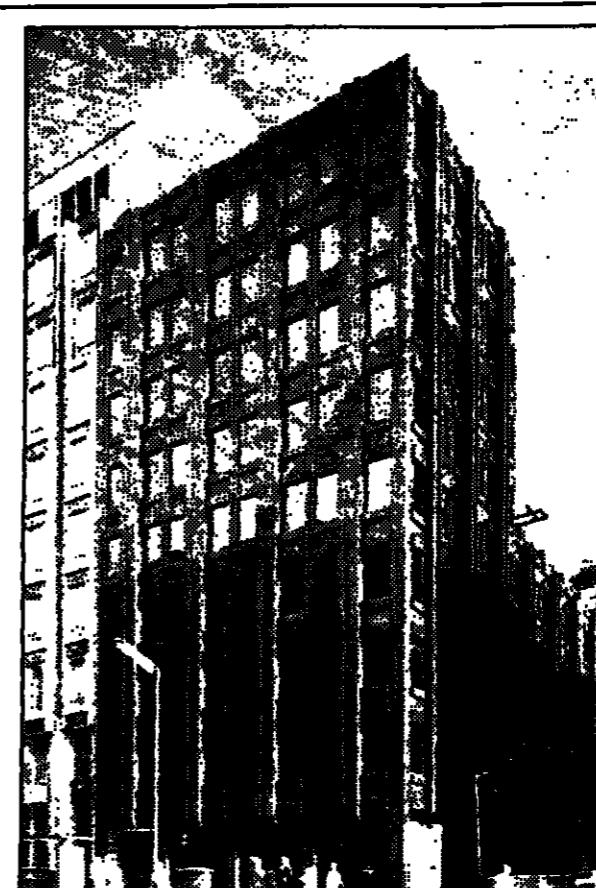
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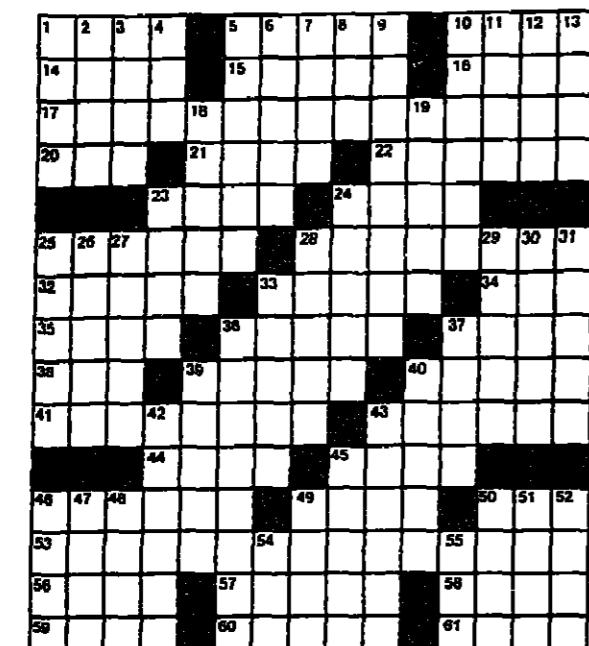
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CROSSWORD *Edited by Eugene T. Maleska*

CROSS

- 1 Soft drink
- 5 Latin dance
- 10 Hemingway
- 14 "Woe is me!"
- 15 Concerning
- 16 Hebrew prophet
- 17 Proverbial happy fellow
- 20 —compos
- 21 Ceremony
- 22 Type of bug
- 23 On one's rocker
- 24 French father
- 25 Black-belt art
- 26 Able to read
- 27 "Stavin' Bee Gees hit
- 28 Like many a bathroom
- 29 —Vegas
- 30 —America
- 31 La Douce et al.
- 32 Part of A.P.O.
- 33 Powder
- 34 Belittle, in a way
- 40 He toured
- 41 Hades with Aeneas
- 42 Hallowed
- 43 Texas state trooper
- 44 A Yale

DOWN

- 1 Lyricist
- 2 Suntan
- 3 Margarine
- 4 A sight in America
- 5 Kind of tray
- 6 Containing sodium chloride
- 7 Jamaica
- 8 Wry face
- 9 Eavesdropper's device
- 10 Gymnasts
- 11 Amo, amas,
- 12 Sit for Peale
- 13 Kepler's subj.
- 45 Assign by design
- 46 Up-to-date
- 48 Foundation
- 49 Paul's seat
- 50 Shakespearean play
- 51 Rose-colored dye
- 52 —were (so to speak)
- 53 Eland's weapon
- 54 Old coin of Venice
- 55 Used up
- 18 Declaim
- 19 Fathered
- 22 Scrimp
- 24 Hairy
- 25 He wrote "The Trial"
- 26 Foreigner
- 27 Starr of the Beatles
- 28 Cemented
- 29 "Take Me —" 1959 song
- 30 Savor
- 31 Perfume ingredient
- 33 Cornered
- 36 Meant
- 37 Window part
- 38 Sleep sound
- 39 Office item
- 42 Vanished
- 43 Be indignant
- 45 Puzz subject
- 46 Alda smash
- 47 —Rios.
- 48 Type of mat
- 49 Variety of pear
- 50 Passable
- 51 Innish
- 52 Town near Padua
- 53 —and I," 1941 song
- 54 " —and I," 1941 song
- 55 Very poor magazine

WEATHER

	HIGH	LOW		HIGH	LOW	
ALBANY	C	F	Fair	C	F	Cloudy
ALGIERS	24	25	Fair	MADRID	5	Fair
AMSTERDAM	24	25	Fair	MANILA	5	Fair
ANKARA	11	12	Fair	MEXICO CITY	21	Fair
APPEL	23	24	Fair	MIAMI	21	Fair
AUCKLAND	23	24	Fair	MONTRÉAL	21	Fair
BANGKOK	26	27	Cloudy	MOSCOW	16	Fair
BERLIT	26	27	Cloudy	MUNICH	16	Fair
BERLIN	13	14	Fair	NEW YORK	21	Fair
BOSTON	25	26	Fair	NASSAU	24	Fair
BRUSSELS	13	14	Fair	NEW DELHI	31	Fair
BUDAPEST	16	17	Fair	NEW YORK	27	Cloudy
BUREOS ARIES	16	17	Fair	NISSA	17	Cloudy
CAIRO	22	23	Fair	OSLO	14	Fair
CANTON	23	24	Fair	PARIS	15	Fair
CASABLANCA	22	23	Fair	PEKING	12	Fair
CHICAGO	21	22	Fair	PRAGUE	12	Fair
COPENHAGEN	13	14	Fair	REykjavik	16	Fair
COSTA RICA	16	17	Fair	RIO DE JANEIRO	15	Fair
DAMASCUS	26	27	Fair	ROME	15	Fair
DUBLIN	15	16	Fair	SAO PAULO	21	Fair
EDINBURGH	18	19	Fair	SINGAPORE	18	Fair
FRANKFURT	14	15	Fair	STOCKHOLM	16	Fair
GENEVA	14	15	Fair	SYDNEY	14	Fair
HARARE	21	22	Fair	TOKYO	23	Fair
HANNOVER	14	15	Fair	TEL AVIV	21	Fair
HONG KONG	24	25	Cloudy	TOKYO	23	Fair
HOUSTON	27	28	Fair	VIENNA	15	Fair
ISTANBUL	23	24	Fair	WARSZAWA	14	Fair
JERUSALEM	22	23	Fair	WASHINGTON	27	Cloudy
LAS PALMAS	22	23	Fair	ZURICH	11	Cloudy
LIMA	23	24	Fair			
LISBON	22	23	Fair			
LONDON	13	14	Fair			

Readings from the previous 24 hours.

«Wine is meant to be enjoyed, not analyzed to death.»



The Herald Tribune's new book by Jon Winroth makes light of wine snobbery—but sparkles with facts

This quotation is from Jon Winroth's new and highly professional book, in which he rejects the windy pontification so often associated with wine buying, wine tasting and wine serving.

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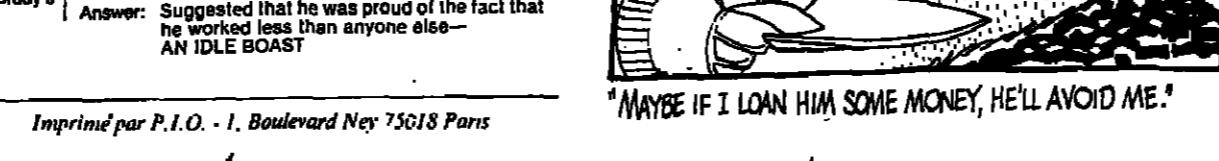
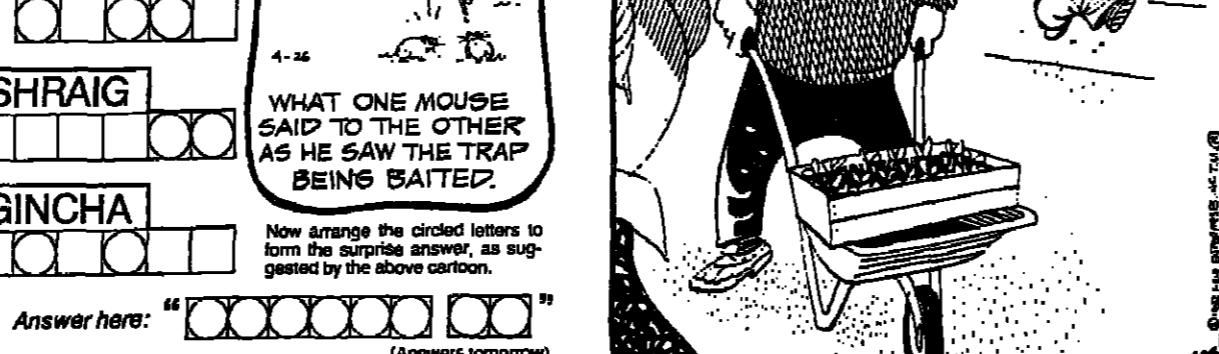
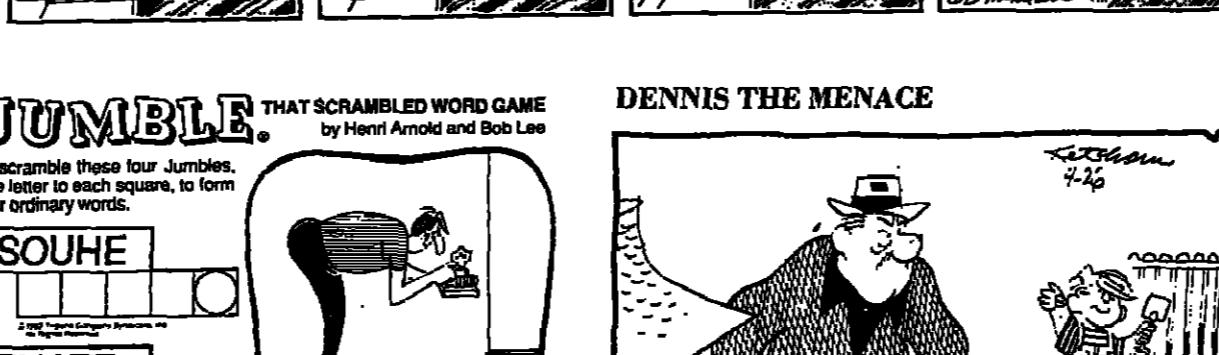
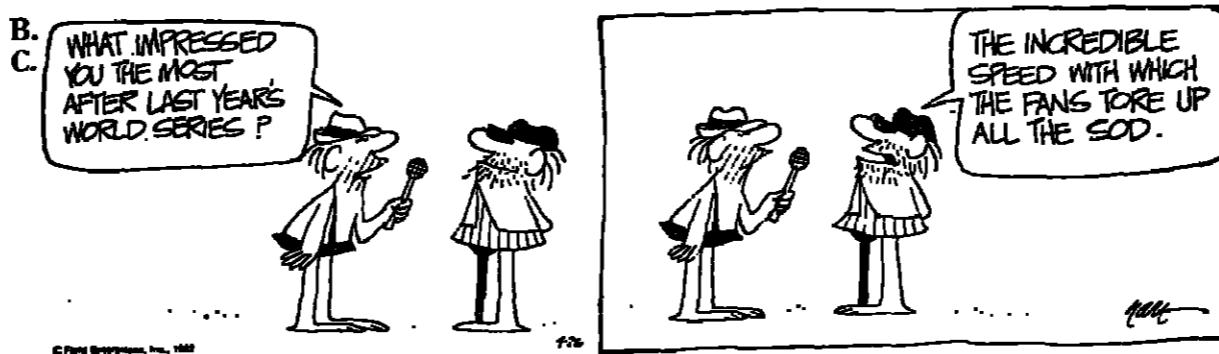
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INTERNATIONAL HERALD TRIBUNE, MONDAY, APRIL 26, 1982



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BOOKS

QUOTATIONS FROM OTHER LIVES

By Penelope Gilliat. 160 pp. \$12.95. Coward, McCann & Geoghegan, 200 Madison Ave., New York 10016.

Reviewed by Anatole Broyard

THE'RES a certain kind of jazz singing — Sarah Vaughan is a good example — in which the melody is distorted in a way that can be fully appreciated only if you know the original version. If you are not familiar with the original, you can try to infer it, or you can come to terms with the distortions in their own right.

Penelope Gilliat's stories seem to me to work on the same principle, and I have tried both ways of reading them. I've attempted to imagine the original to which her stories work as a counterpoint, and I've also tried to come to terms with them directly. Neither tactic has left me confident that I understand what's going on.

A sparrow crashes into a professor's briefcase as he walks down the street. When he cannot sleep, the professor gets up in the middle of the night to play the piano and eat sardines. Do you like him? Are you willing to follow him wherever he goes?

A man admires a woman's elbow. Several people talk in their sleep. An unusual proportion of people dance by themselves. A housekeeper dances with her employer from early evening until 2 in the morning. An abnormal number of men and women fuss about language usage. A man who goes abroad a lot, never takes anything but hand luggage, and this is mostly books. What does she wear?

The Point of the Point

Is this a believable world? If not, is it more or less interesting than the real one? Do you care about these people? Does it matter whether a reader of modern stories cares about people, or is this beside the point? Is the beauty of the point the real point? Is there such a thing as the snobbery of the improbable? Is it heroic, is it funny and sad, is it profound, to avoid the familiar?

A British grandfather decrees in his will that all his heirs shall be named Stephen or Stephanie, and so we have

Solution to Friday's Puzzle

GARD	ADDIE	CAMP
AVAR	CROIX	OLIO
BE	EROLE	AVEM
EM	ANIMATOR	LEGIT
IDE	IDL	JOLT
LE	FAIR	SAP
LL	STORM	HOLST
OL	TAKE	EMA
PE	MOOTS	RAANGE
RE	NEY	NEY
SI	ALPS	ATHOON
TE	IDES	VEES
VI	CHINA	FINALIZE
WA	LOVEME	LOVEMYDOG
WE	USER	RETIA
WE	BEST	KING
WE	GOODS	EEEKS

Anatole Broyard is on the staff of The New York Times.

By Alain Truscott

South now tried to steal an entry to the dummy by leading a low diamond. But the defender found the right time for a second-hand-high-play. He put up the ace and played another club.

South could now use his entry to the dummy either to play a fourth round of clubs or to lead a spade. In either case, the defense was on top, for South had to lose two spade tricks in the long run as well as a diamond and a trump.

NORTH

♦652

♦7842

♦Q5

♦Q1043

EAST

♦AJ10

♦Q

♦19873

♦9872

SOUTH(D)

♦KQ84

♦AK9

♦K4

♦AK5

Both sides were vulnerable. The bidding:

South: West: North: East

2♦ 2NT: 3♦ 3NT: 4♦ 4NT: Pass

2♦ 3NT: 4♦ 5NT: Pass

2♦ 4NT: 5♦ 6NT: Pass

West led the club jack.

NORTH

♦852

♦78

♦Q5

Islanders and Black Hawks Advance; Bruins Tie Series

From Agency Dispatches

NEW YORK — Dave Langevin, a defenseman, scored the decisive goal late in the third period as the New York Islanders advanced to the Stanley Cup semifinals with a 5-3 victory Friday over the New York Rangers. The Chicago Black Hawks also advanced to the semifinals, defeating the St. Louis Blues 2-0.

Meanwhile, the Boston Bruins beat the Quebec Nordiques in overtime, 6-5, to force a seventh and deciding game Sunday in their National Hockey League quarterfinal series.

The Islanders will play the winner of the Bruins-Nordiques series in a best-of-seven series beginning Tuesday in Uniondale, N.Y., while Chicago and the Vancouver Canucks will open a best-of-seven series Tuesday in Chicago. The Canucks earlier eliminated the Los Angeles Kings from the playoffs.

The Islanders, two-time Stanley Cup champions, took their Patrick Division final in six games. Langevin's 55-foot shot with 6:08 left, which broke a 3-3 tie, was his second.



The Associated Press
Denver's Dan Issel, right, making a layup past the outstretched arm of Alvin Adams of Phoenix in Saturday's playoff game.

Suns Defeat Nuggets; 76ers and Bullets Win

From Agency Dispatches

DENVER — Walter Davis and Dennis Johnson combined for 56 points, including some crucial free throws late in the game, to lead the Phoenix Suns to a 124-119 triumph over the Denver Nuggets on Saturday in the third and deciding game of their National Basketball Association first-round playoff series.

On Friday night, the Suns beat

the Nuggets, 126-110, while in the other Western Conference series, the Houston Rockets beat the Seattle SuperSonics, 91-70, to force a third game Sunday. Meanwhile, the Philadelphia 76ers and Washington Bullets completed two-game sweeps of their Eastern Conference opponents. The 76ers eliminated the Atlanta Hawks in overtime, 98-95, while the Bullets advanced with a 103-92 triumph over the New Jersey Nets.

Philadelphia was to open its Eastern Conference semifinal series with Milwaukee on Sunday, while Washington was playing Boston. Phoenix open the Western Conference semifinals Tuesday at Los Angeles, and the winner of the Houston-Seattle series will go on to play San Antonio.

In Denver on Saturday, Davis put Phoenix ahead for good, 120-119, when he scored two free throws with 1:38 left, and Johnson added a pair of free throws to clinch the victory. Davis finished with 30 points; Johnson had 26.

It has been a difficult season for Davis, who was injured and missed 23 games early in the year and never seemed to reclaim his starting job. But he has come on to play brilliantly in the playoffs.

"This year has been real frustrating for me, but I've played pretty well the past few months," he said. "I missed a couple of shots near the end tonight, but I felt pretty good when I went to the line for those free throws."

"It was just an awesome display

Hoch Is Leading New Orleans Golf

The Associated Press

NEW ORLEANS — Scott Hoch birdied three of four holes immediately after the rains came and took a one-stroke lead Saturday in the incomplete second round of the New Orleans Open golf tournament.

Hoch, 26, who was a runner-up at Doral this year and is seeking his first title on the professional tour, finished two rounds over the sun-soaked Lakewood Country Club course at 136, 8 under par.

Rain prevented play on Sunday, and the format now calls for the completion of the second round Monday morning, when the field will be cut to 80, new pairings made and the players sent out for the third round. The fourth round is scheduled for Tuesday.

Bob Shearer, the Australian who led the first-round lead, managed a 71 and was one stroke behind Hoch.

ond of the playoffs. He scored only one goal in 73 regular-season games.

Langevin was ready when Wayne Merrick won a faceoff for the Islanders while Ruotsalainen scored a goal and two assists for the Rangers.

In Chicago, Tony Esposito celebrated his 39th birthday with his first Stanley Cup playoff shutout in eight years to give the Black Hawks a four-games-to-two series victory over St. Louis.

Denis Savard and Rich Preston scored second-period goals to help the Black Hawks win the Norris Division championship series and move into the Stanley Cup semifinals for the first time since 1974.

Esposito, replacing Murray Bannerman, who had been slowed with a pulled muscle, posted his fifth career Stanley Cup shutout and his first since Chicago defeated Los Angeles 1-0 in 1974. Esposito turned back 31 shots.

Savard's goal, his eighth of the playoffs, came at 12:18 of the second period on a pass from Glen Sharpay. Preston got an assist on the play.

Preston scored an insurance goal at 16:55, pushing the puck past the St. Louis goalie, Mike Liut. Preston's goal, his third of the playoffs, was assisted by Terry Ruskowski and Grant Mulvey.

St. Louis launched an aggressive attack in the third period but could not score against Esposito, and the Blues went down to their seventh consecutive playoff defeat in Chicago.

In Quebec City, Peter McNab scored at 10:54 of overtime to give the Bruins their victory over the Nordiques and even their series at three games apiece.

"I didn't fully realize what had happened until I got back to the dressing room, because it was like a jungle on the ice after the goal," McNab said, referring to the tumult after the Michel Goulet goal.

A goal by Michel Goulet at 4:06 of the third period sent the game into overtime. Goulet had two chances to score the game winner later in the third stanza when he moved in on the Boston goaltender, Mike Moffatt, on partial breakaways, but the rookie held firm both times.

Boston twice had three-goal leads, but couldn't make them stand up. Keith Crowder, Terry O'Reilly and McNab gave Boston a 3-0 lead before the ninth minute of the opening period, but Peter Stastny narrowed the margin to 3-1 when he scored at 9:54 of the first period.

Real Cloutier, with his first goal of two, moved Quebec within a goal after 1:47 of the second period. But goals by Barry Pederson and Bruce Crowder restored the Bruins' three-goal advantage.

Two consecutive Nordique scores in the final minutes of the second period by Wilf Paiement and Cloutier set the stage for Goulet's tying goal.

NCAA Gives USC Football Stiff Penalty

United Press International

MISSION, Kan. — The University of Southern California football program, one of the most successful in American college sports for four decades, has been hit with one of the harshest NCAA penalties ever handed down.

The program was placed on three years probation and prohibited from competing in bowl games and from having its games televised for two years.

The school refused to comment on the National Collegiate Athletic Association's decision and scheduled a news conference Monday.

The penalty, which was handed down Friday, was based on two main findings: football players were given grades in speech communications courses in which they did little or no work, and an assistant coach scalped the players' complimentary football tickets.

The assistant coach was not named by the NCAA, as is the organization's policy, but the man who reportedly sold the football players' free tickets for over a nine-year period was Mark Gouz, an assistant coach.

No Post-Season Games

The penalty bars the football team from participating in post-season games during the 1982-83 and 1983-84 academic years and from appearing on any NCAA-controlled television program during the 1983 and 1984 regular football seasons.

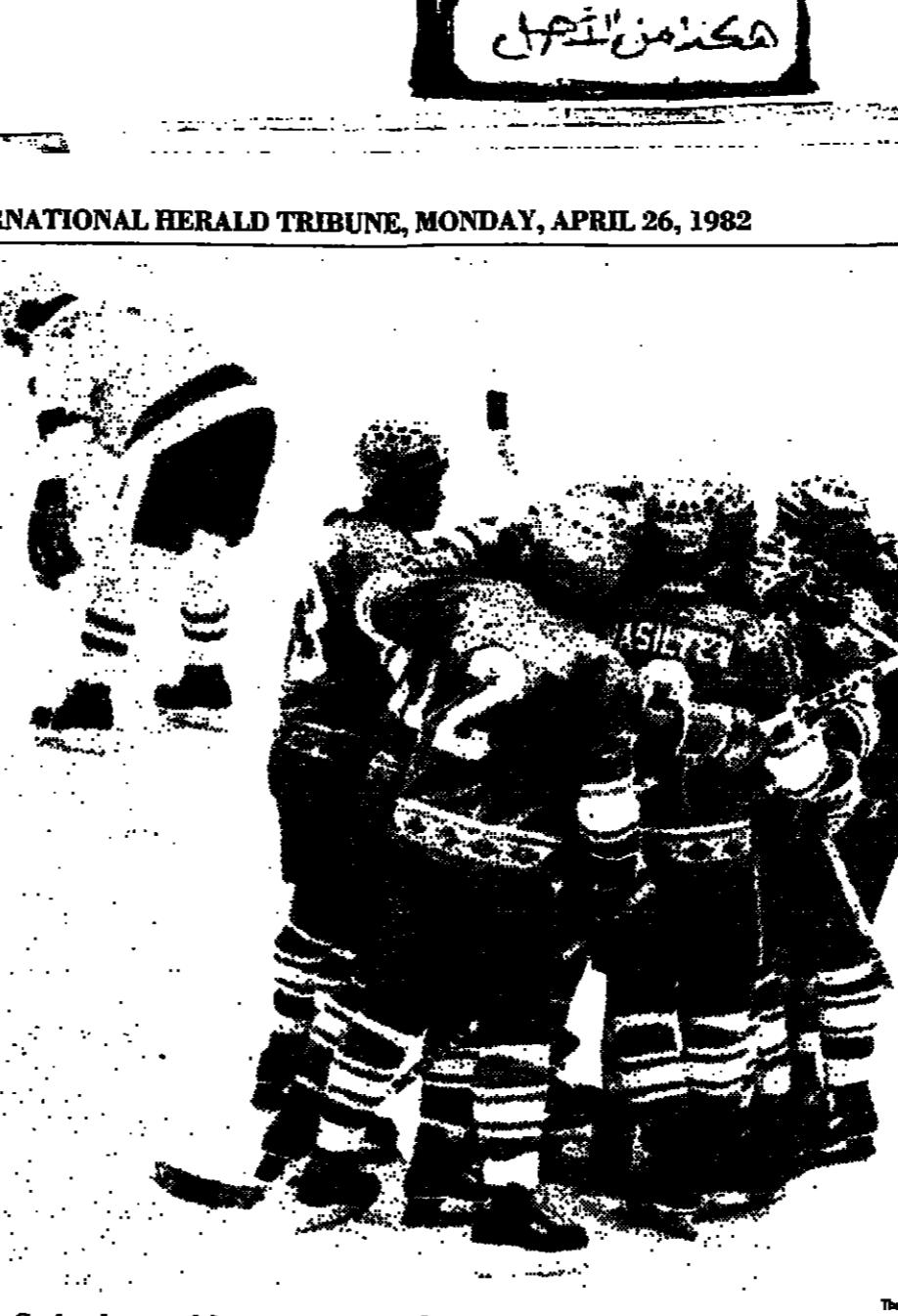
The NCAA said the academic coordinator for athletics at USC "made arrangements with a lecturer in the department of speech communications at the university to permit student-athletes to earn credit in certain courses with the understanding that they would do little, if any, academic work and would be graded as student-athletes, not as students."

The NCAA considered the tick-escalating scheme much more serious than its findings that some football players were given grades in courses strictly because they were athletes.

Charles Alan Wright, chairman of the NCAA Committee on Infractions, said "the most flagrant circumvention ... involved an assistant football coach who, during the period 1971-1979, deliberately violated NCAA rules by selling complimentary tickets of varsity football team members in excess of face value in order to provide large sums of cash to the team members who chose to participate in this arrangement."

In Houston, Moses Malone scored 28 points and grabbed 23 rebounds as the Rockets easily swayed their playoff series at a game apiece. The SuperSonics' 70 points marked the lowest total in NBA playof history.

Malone, the league's leading rebounder and second-leading scorer, held Jack Sikma, the Seattle center, to just one basket in the first half. Houston built a 10-point halftime lead despite shooting only 37 percent. Robert Reid, a Houston forward, came on late in the game to score 21 points and helped to hold the All-Star guard Gus Williams to seven points in the second half.



The Associated Press
Soviet players celebrated their victory Sunday as Canada's John Van Boxmeer skated away.

Russians Clinch World Hockey Title

From Agency Dispatches

HELSINKI — The Soviet Union fought off a challenge to defeat Canada on Sunday, 6-4, and capture its 18th World Hockey Championship title.

The Russians' eighth consecutive victory — the first seven in the eight-team round-robin qualifying round — gave them an unbeatable lead with 16 points.

Only two rounds remain, and Czechoslovakia, which moved into second place Sunday with a 3-2 victory over Sweden, has 11 points and cannot catch the Russians.

Sergei Makarov snapped a 4-4 tie Sunday with five minutes left in the third period. Viatcheslav Fetisov added another Soviet goal less than two minutes later.

"The Russians seem almost unbeatable," said the Canadian coach, Marshall Johnston. "But I still think there are other teams who could win the title, although it is difficult with this present system."

Kevin Lowe tied it again for Canada with only 12:22 left in the third period and the pro-Canadian crowd went wild. But as in so many other games, Soviet stamina proved the difference in the end.

Fetisov put the Russians ahead to stay at 15:18 and Fetisov scored his second goal 1:29 later.

He was referring to the Russians' refusal to open the play-off series — which began Sunday — with all four finalists equal in points. Soviet officials insisted that opening-round results be included in the final standings.

The Soviet coach, Viktor Tikhonov, said the tournament was difficult for his players, too. "Although we have clinched the title, I can tell you there were many nervous moments for me and the team," he said.

Sergei Shepelev gave the Russians an early lead in the first period, but Canada's Craig Hartsburg tied it at 8:08.

The Russians then scored two power-play goals — by Fetisov and Victor Shalimov — to jump ahead 3-1. Shalimov's goal came with only three seconds left in the period.

Alexander Kozhevnikov, the Soviet Hockey League scoring champion, made it 4-1 early in the second period before Canada struck for two goals by Wayne Gretzky, the National Hockey League scoring sensation, and Mark Napier. The scores came only 54 seconds apart.

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On Saturday, the Russians also defeated Canada, 5-4, in the final match of the qualifying round. In other games Saturday, Czechoslovakia routed Italy, 10-0; Sweden tied Finland, 3-3; and West Germany and the United States played to a 5-5 tie.

Meanwhile, it was reported Sunday that a Czechoslovak team, led by Petr Ilmárik, a 25-year-old center had defected at the tournament and gone to the United States.

McEnroe to Play Lendl In Final for WCT Title

The Associated Press

DALLAS — John McEnroe and Ivan Lendl, ranked No. 1 and No. 2 in the world, won their semifinal matches Saturday and will meet in the final round of the World Championship of Tennis on Monday night.

McEnroe, the top seed, prevailed in a tiebreaker to defeat Edie Dibbs, 6-4, 6-4, 7-6, in the first match, while Lendl, seeded second, breezed past Vijay Amritraj, 6-1, 6-0, 7-5.

McEnroe, 23, will be trying to win an unprecedented third WCT title, while Lendl will be making his first appearance in the final of the tournament. The annual Dallas event brings together the top eight players in the year's WCT point standings.

Lloyd Tops Jaeger

AMELIA ISLAND, Fla. (UPI)

— Chris Evert Lloyd, the defending champion, defeated Andrea Jaeger on Saturday, 6-3, 6-1, to win the Women's Tennis Association championship.

Lloyd, the world's top-ranked woman player, started slowly but closed with a rush, winning 24 of the last 25 points.

The victory helped the average Jaeger's three-set victory two weeks ago in the semifinals of a tournament at Hilton Head, S.C. That was Jaeger's first victory over Lloyd on clay.

Lloyd held off 3-2 in the first set but fought back to win the next four games and the set 6-3. Lloyd dropped the opening game of the second set, then won six straight games.

Jaeger had to win a third-set tiebreaker from Kathy Horvath on Friday night to advance to the final. Lloyd defeated Bettina Bunge in the semifinals.

Connors to Meet Gene Mayer

LAS VEGAS (AP) — Jimmy Connors rallied from 4-6, 6-2, 1-6, while Gene Mayer scored an easy 6-0, 6-1 victory over Mark Edmundson in the semifinals of a Grand Prix tournament here. Connors and Gene Mayer were meeting Sunday in the final round.

Against Connors, Mayer lost a set for the first time in the tournament, but he managed to turn things around and dominate the last two sets. He won 11 of the last 13 games in the match and broke Mayer's serve four times, including a crucial break at 1-1 in the second set.

In the other match, Lendl, who has won 78 of his last 81 matches, overpowered Amritraj in the second, 6-2, 6-1, 6-3, of the tournament. Connors and Gene Mayer were meeting Sunday in the final round.

Gene Mayer, Connors' brother, fared better in his easy win over Edmundson, jumping out on top quickly and never giving Edmundson a chance to get back in the match.

Douglas Bair, who relieved starter Joaquin Andujar in the seventh, gained the victory, and Bruce Sutter pitched the last two innings to earn his sixth save.

DeJesus, then broke the game open with three runs in the eighth.

Ozzie Smith singled to load the bases, and pinch hitter Orlando Sanchez's groundout scored the go-ahead run. Lonnier Smith then added a two-run single.

In Atlanta, Gene Richards and Juan Bonilla raced home on a throwing error by the Braves' pitcher, Rick Camp, during a four-run eighth-inning outburst that gave San Diego its 10th straight victory, 6-4. The Padres' streak ties a club record set in 1978. Atlanta has lost three consecutive games after winning its first 13.

St. Louis' Cardinals Win Their 12th in a Row

United Press International

PHILADELPHIA — Lonnie Smith drove in three runs with a pair of singles Saturday to lead the St. Louis Cardinals to their 12th consecutive victory, a 7-4 triumph over the Philadelphia Phillies.

St. Louis tied the game at 4-4 in the seventh on a three-base throwing error by third baseman Ivan

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Herschel Walker, the Georgia football star, finished a disappointing sixth in the 100-meter dash final. Alabama's Calvin Smith won in 10.52, short of the meet record of 10.24 seconds established by Georgia's Melvin Lattany last year. Walker finished in 10.90.

Other meet records were set by Mark Strawderman of Rhode Island in the pole vault at 17-6 1/2, Glover of Eastern Kentucky

